

To access the Agenda and Backup Materials electronically, go to www.gjcity.org



**GRAND JUNCTION CITY COUNCIL
MONDAY, FEBRUARY 14, 2022
WORKSHOP, 5:30 PM
CITY HALL AUDITORIUM AND VIRTUAL
250 N. 5TH STREET**

1. Discussion Topics

- a. Cannabis Regulations - **Council discussion, no public comment will be accepted**

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.

3. Attend a Regular Council Meeting (generally held the 1st and 3rd Wednesdays of each month at 6 p.m. at City Hall) and provide comments during "Citizen Comments."



Grand Junction City Council

Workshop Session

Item #1.a.

Meeting Date: February 14, 2022

Presented By: Tamra Allen, Community Development Director, John Shaver, City Attorney

Department: Community Development

Submitted By: Staff Cannabis Working Group

Information

SUBJECT:

Cannabis Regulations - **Council discussion, no public comment will be accepted**

EXECUTIVE SUMMARY:

The voters approved referred measures 2A and 2B at the City election on April 6, 2021. The approval of those measures provides the City Council an opportunity to establish tax rates and regulations for the retail cannabis industry in Grand Junction. The February 14, 2022 work session ("Workshop") is for the City Council to discuss and provide direction on the selection process and draft ordinances pertaining to the regulation and licensure of retail cannabis.

BACKGROUND OR DETAILED INFORMATION:

Retail Cannabis Store Selection Process

At the November 1st, 2021 Council workshop as well as the January 10th, 2022 workshop, City Council confirmed directions on zoning, buffering, and taxation. The consensus was to cap cannabis stores at ten (10) city-wide. As more than ten (10) applications are likely to be made, a process for awarding licenses is required.

At the January 10th, 2022 City Council Workshop, the City Council addressed the license award process for cannabis businesses and directed staff to assess and develop possible merit-based selection criteria for further consideration by the Council. Staff has prepared a list of possible merit-based selection criteria for review and discussion. In a merit-based review, each criterion must be measurable and clearly supported/supportable and based on current City policy. In the case where there is a tie in the top ten merit-earners, a supplemental selection process will need to be utilized to select the ten applicants eligible for licensure. In addition, should more than two applicants receive top merit ratings associated with locations within the Horizon Drive

BID boundary, only the two highest merit ratings would be eligible for licensure.

The Council previously explored other methods for awarding licenses, including merit-based, lottery, weighted lottery and sufficiency/randomization (hybrid) approaches. Staff has also included in the packet for review, a conceptual draft ordinance that articulates the full extent of proposed regulations in which the draft ordinance includes the sufficiency/randomization (hybrid) selection methodology. The methodology included in the draft is recommended by Staff, and provides a preferred process over a merit-based process or another selection process.

Draft Cannabis Uses, Licenses and Regulation Ordinance

Utilizing ordinances from across Colorado as a baseline, staff has prepared a draft ordinance to regulate the uses, licensing and regulation of regulated cannabis. The ordinance is intended to be an abstract of the proposed regulations and approaches to awarding licenses and regulating cannabis businesses. At and following the work session, council should review, comment and provide direction on the draft such that it provides direction to staff regarding preparation of the definitive ordinances.

Staff recommends issues such as the Licensing Fee and Application Fee be considered in a separate resolution and the fees should be generally set to reimburse the City for time and resources utilized to intake, review, process, license and renew regulated cannabis stores. The fees should be determined after a process for selection and licensing has been solidified.

Draft Sales and Use Tax Ordinance

At previous workshops, City Council confirmed the sales and use tax and excise tax at a rate of 6 percent. The attached draft ordinance would amend Chapter 3.12, Chapter 3.16 of the GJMC regarding imposition and rate of tax, licensing and reporting, and expenditure of the tax.

Draft Zoning and Development Code Ordinance

At previous workshops, City Council confirmed specific elements of the land use regulations regarding retail cannabis businesses. The draft ordinance amending Title 21, including Chapter 4, Chapter 6 and Chapter 10, includes proposed changes to the use table, location specific limitations (Horizon Drive BID and Downtown), buffering from specific land uses and signage regulations. In general, draft signage regulations allow for retail cannabis stores to erect and display signage consistent with other commercial businesses located within the City.

FISCAL IMPACT:

N/A

SUGGESTED ACTION:

Staff recommends City Council discuss and provide direction with regard to the selection process and criteria and the content of the three working draft ordinances

regarding 1) use, licenses and regulations, 2) sales, use and excise tax, and 3) zoning and signage regulations.

Attachments

1. Merit Criteria Draft - 02.09.22
2. ORD-Cannabis Regulation Draft Ordinance 02.14.22
3. ORD - ZDC Cannabis Draft Ordinance - 021022 vDraft
4. ORD - Draft - Cannabis Tax - 021422
5. Public Comment - High Q
6. Public Comment - High Q additional
7. Public Comment - L Maytin

1 DRAFT
2 MERIT CRITERIA FOR CITY COUNCIL CONSIDERATION
3
4

5 A selection process with “pass/fail” criteria and other criteria by which the relative
6 merit of the application would be assessed. Those criteria are:
7

8 a. Experience in the cannabis industry (Pass/Fail) - Ability to demonstrate, through a
9 business plan and management experience, the applicant’s ability to operate and develop
10 a business in a highly regulated industry with a cumulative demonstrated experience of
11 at least three (3) years.
12

13 b. Tax Compliance (Pass/Fail) – The Applicant is in full compliance with the taxation
14 rules and regulations of State and City.
15

16 c. Violations and Eligibility (Pass/Fail) – City records and applicant statements
17 demonstrate that no ownership interest greater than 10 percent has a record of prior
18 notices of violations, stop work orders, cease and desist orders or repetitive contact by
19 the City’s Code Enforcement officers or agencies. Applicant is not prohibited from
20 becoming a licensee for any reason identified by State law or regulation.
21

22 d. Financial Viability (Pass/Fail) – Applicant provides a feasible financial plan and
23 demonstrates control of at least \$500,000 in cash and cash equivalents available for
24 deployment to fund business development and operations.
25

26 e. Cannabis Industry Knowledge (Pass/Fail) – Applicant’s business plan demonstrates
27 excellent familiarity with the relevant rules, regulations, and financial structure of the
28 regulated cannabis industry in Colorado.
29

30 f. Complaint Resolution (1 point) – Applicant demonstrates a viable process for conflict
31 and nuisance avoidance and resolution that will provide a high likelihood that complaints
32 regarding the direct impacts from the business operations (e.g. odor, traffic, noise, etc.)
33 will be avoided and/or resolved sufficiently and expediently.
34

35 g. Diversity of Ownership (1 point) - Diversity of ownership (51% ownership by racial
36 minority, women, veterans, or social equity licensee per the State of Colorado Marijuana
37 Enforcement Division).
38

39 h. Local Hiring and Sourcing (3 points) – Applicant demonstrates through the business
40 plan that it will engage in local hiring and procurement practices, including but not limited
41 to plans to higher residents of Mesa County for at least 75% of positions, source a
42 substantial proportion of non-marijuana materials goods and materials from Mesa County
43 businesses, or source a substantial proportion of marijuana products from within Mesa
44 County should such production of marijuana products in Mesa County or the City of Grand
45 Junction be approved in the future.
46

47 i. Business Plan (6 points) – Applicant provides a business plan of overall quality
48 and detail to indicate that the business will achieve operational stability and comply with
49 best practices and regulations concerning employment and prevention of crime and
50 nuisance.

51
52 j. Community Benefit (7 points) – Applicant submits a plan that demonstrates
53 meaningful and substantial commitment through financial donation, service or similar, to
54 programs, services and organizations that address Social Determinants of Health as
55 defined by the CDC, including economic stability, education access and quality, health
56 care access and quality, neighborhood and built environment, and social and community
57 context. Substantial commitment may, for example, mean i. a minimum of 10% of
58 business profits dedicated to local public causes, and/or, ii. a minimum of 1,000 public
59 service hours, and/or, iii. dedicated assistance to the community, as defined and
60 described by City Council, to support/advance City policy goals.

DRAFT

1 ORDINANCE NO. _____
2

3 **AN ORDINANCE TO AMEND TITLE 5 CREATING CHAPTER 13 IN THE GRAND**
4 **JUNCTION MUNICIPAL CODE TO INCLUDE CERTAIN CANNABIS, ALSO KNOWN**
5 **AS MARIJUANA, USES, LICENSES AND REGULATION.**
6

7
8 **RECITALS:**

9 Federal law criminalizes the use and possession of cannabis as cannabis is categorized
10 as a Schedule 1 controlled substance under the Controlled Substance Act. Federal law
11 criminalizes knowing or intentional cannabis possession, even if a person has no intent
12 to manufacture, distribute, or dispense cannabis.

13 On November 7, 2000, Colorado voters passed Amendment 20 which allows the use of
14 cannabis in the state for approved patients with written medical consent. It allows the
15 possession of up to two ounces of medical cannabis and cultivation of no more than six
16 cannabis plants (three flowering plants) at a time for patients. Amendment 20 does not
17 provide a legal manner for patients to obtain medical cannabis unless the patient grows
18 the cannabis, or the cannabis is grown by the patient's primary caregiver.

19 On November 16, 2009, City Council, as an exercise of police powers, adopted Ordinance
20 4392 which declared a twelve-month moratorium on the licensing, permitting and
21 operation of cannabis businesses in the City and provided penalties for any such violation.
22 The moratorium applied to any person or entity applying to function, do business, or hold
23 itself out as a medical cannabis dispensary in the City of Grand Junction, regardless of
24 the person, entity, or zoning.

25 On June 7, 2010, Governor Ritter signed into law House Bill 10-1284 and Senate Bill 10-
26 109 which, among other things, authorized the City to adopt an ordinance to license,
27 regulate or prohibit the cultivation and/or sale of cannabis (C.R.S. 12-43.3-103(2)). The
28 law also allowed a city to vote, either by a majority of the registered electors or a majority
29 of the City Council, to prohibit the operation of medical cannabis centers, optional
30 premises cultivation operations and medical cannabis infused products manufacturers.

31 On October 4, 2010, City Council adopted Ordinance 4437 which prohibited the operation
32 of medical cannabis businesses and amended the Grand Junction Municipal Code by
33 adding Section 5.14.010 which prohibited certain uses relating to cannabis. Ordinance
34 4437 also extended the moratorium established by Ordinance 4392 to January 1, 2011.
35 Prior to Ordinance 4437 becoming effective, a protest petition was filed and found to be
36 sufficient, and Ordinance 4437 was suspended from taking effect. On October 13, 2010,
37 City Council adopted Ordinance 4446 which extended the moratorium to July 1, 2011.

38 At the April 5, 2011, City election, the electorate voted in favor of prohibiting the operation
39 of medical cannabis businesses and the amendment of the Grand Junction Municipal
40 Code by adding a section that prohibited cannabis (referred to as Measure A).

41 On November 6, 2012, Amendment 64 was passed by the voters, amending Article 18 of
42 the Colorado Constitution by adding Section 16 which allowed regulated cannabis stores
43 and made it legal for anyone 21 years or older to buy cannabis at such stores. In addition,
44 Amendment 64 allowed anyone over 21 years of age to legally possess and consume up
45 to one ounce of cannabis. Amendment 64 did not change the Federal law; it still remains
46 illegal under Federal law to produce and/or distribute cannabis.

47 On February 6, 2013, City Council approved Resolution 07-13 adopting cannabis policies
48 for the City and restrictions for persons or entities from applying to function, do business,
49 or hold itself out as a cannabis facility, business, or operation of any sort in the City limits.
50 Later that same year, City Council adopted Ordinance 4599 which prohibited the
51 operation of cannabis cultivation facilities, cannabis product manufacturing facilities,
52 cannabis testing facilities, and regulated cannabis stores. Ordinance 4599 also amended
53 Sections in Title 5, Article 15 of the Grand Junction Municipal Code that prohibited certain
54 uses relating to cannabis.

55 In late 2015, the City, Mesa County and Colorado Mesa University, by and through the
56 efforts of the Grand Junction Economic Partnership (GJEP), were successful in
57 establishing the *Colorado Jumpstart* business development program. One business that
58 was awarded the first *Jumpstart* incentive planned to develop a laboratory and deploy its
59 advanced analytical processes for genetic research and its ability to mark/trace chemical
60 properties of agricultural products, one of which was cannabis. In October 2016, City
61 Council passed Ordinance 4722 which amended Ordinance 4599 and Section 21.04.010
62 of the Grand Junction Municipal Code to allow cannabis testing facilities in the City.

63 On January 20, 2021, the City Council approved Resolution 09-21, the adoption of which
64 referred a ballot question to the regular municipal election on April 6, 2021, to repeal
65 Measure A contingent on and subject to voter approval of taxation of cannabis
66 businesses. A majority of the votes cast at the election were in favor of repealing the
67 moratorium on cannabis businesses and in favor of taxation of cannabis businesses.

68 Accordingly, City Council has determined that certain regulated cannabis businesses,
69 subject to regulations to be adopted by the City, may operate within the City. City Council
70 has acted to begin to amend the Grand Junction Municipal Code to provide rules and
71 regulations for licensing and operating regulated cannabis businesses.

72 City staff and community members, including the Cannabis Working Group, have
73 researched, reviewed, and discussed various approaches to taxation, permitting and
74 regulation of cannabis. Regulations for cannabis uses have been established at the state
75 level with the adoption and implementation of the Colorado Marijuana Code (C.R.S. 44-
76 10-101, *et. seq.*); however, regulation of cannabis uses at the state level alone are not
77 adequate to address the impacts of cannabis on the City.

78 In the interest of the public health, safety and welfare the City intends to regulate zoning
79 and other impacts of cannabis businesses in a manner that is consistent with
80 constitutional and statutory standards. The City desires to facilitate the provision of quality
81 regulated cannabis in a safe manner while protecting existing uses within the City.
82 Regulation of the manner of operation and location of regulated cannabis businesses will
83 further the health, safety, and welfare of both the public and the customers. Protection of
84 the public health and safety will occur through reasonable limitations on business
85 operations as they relate to air quality, neighborhood, integrations, security for the
86 business and its personnel, and other concerns. Limiting the concentration of any type of
87 business in specific areas will promote high-quality neighborhoods.

88 Sale of cannabis may impact health, safety, and community resources, and the proposed
89 ordinance is intended to allow certain regulated cannabis businesses such that those
90 businesses will have as minimal an impact and reduce potential negative impacts as
91 reasonably is possible.

92 This ordinance amends the City's Code to include time, place, and manner restrictions
93 for operating regulated cannabis businesses in the City while protecting the public health
94 and safety through reasonable limitations on business operations. Regulated cannabis
95 businesses may include regulated and/or co-located medical cannabis businesses.
96 Furthermore, this ordinance proposes the imposition of application and/or operating fees
97 to defray some of the City's costs of licensing regulated cannabis businesses.

98 This ordinance also proposes buffering (distance requirements) of cannabis businesses:

99 1,000 feet from any private or public elementary, middle, junior high, Colorado
100 Mesa University and Western Colorado Community College; and

101 500 feet from all public parks or undeveloped park lands as provided by the Parks,
102 Recreation and Open Space Master Plan; and

103 500 feet from any services for prevention, treatment or recovery from substance
104 use and mental health concerns, as licensed by the Colorado Department of
105 Human Services, Office of Behavioral Health (OBH).

106 Lastly, this ordinance creates a mechanism for monitoring compliance of regulated
107 cannabis businesses in coordination with the laws of the State of Colorado.

108 **NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF**
109 **GRAND JUNCTION THAT:**

110 Title 5 Chapter 13 shall read as follows: (Additions to the GJMC are shown in bold face
111 type – deletions or modifications are shown in ~~strike through~~)

112

113

114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154

5.13.00 REGULATED CANNABIS

5.13.010 Purpose and legislative intent; incorporation of state law.

On January 20, 2021, the City Council approved Resolution 09-21, the adoption of which referred a ballot question to the regular municipal election on April 6, 2021, to repeal Referred Measure A contingent on and subject to voter approval of taxation of cannabis businesses.

With such authority, City Council intends to regulate the use, possession, cultivation, production, and distribution of cannabis in a manner that is consistent with Article XVIII, Sections 14 and 16 of the Colorado Constitution (also known as Amendment 64) and the Colorado Marijuana Code, C.R.S. § 44-10-101, et seq. With the adoption of this Chapter, any provisions of the City's Code that conflicts with this Chapter shall be superseded.

Article XVIII, Section 16(5)(g) of the Colorado Constitution authorizes a system of state licensing for businesses engaging in the regulated sale of cannabis, collectively referred to as "regulated cannabis establishments". This provision allows a municipality within its jurisdiction to prohibit licensing of regulated cannabis establishments; regulate the time, place and manner in which regulated cannabis establishments may operate; and limit the total number of regulated cannabis establishments.

The authority of localities to prohibit or regulate regulated cannabis establishments within their respective jurisdictions, including the authority to engage in local licensing of cannabis establishments is also provided in various provisions of the Colorado Marijuana Code. The Colorado Marijuana Code affords municipalities the option to determine whether to license certain regulated cannabis establishments within their respective jurisdictions. This Chapter affirmatively authorizes licensing and regulating cannabis related businesses in the City of Grand Junction and to designate a local licensing authority to issue and process applications submitted for such licenses within the City.

This Chapter is adopted pursuant to the constitutional and statutory authority referenced above as well as the City's home rule authority to adopt and enforce ordinances under its police power all in order to preserve the public health, safety and general welfare. By adopting this Chapter, the intent is to implement provisions of the Colorado Marijuana Code and any rules and regulations thereunder except to the extent that more restrictive or additional regulations may be set forth in herein.

155 Further, the purposes of this Chapter are to:

156

157 (1) provide time, place, and manner restrictions for operating a regulated
158 cannabis business in the City;

159

160 (2) protect public health and safety through reasonable limitations on business
161 operations as they relate to noise, air quality, security for the business and
162 its personnel, and other health and safety concerns;

163

164 (3) promote high quality neighborhoods by limiting the concentration of
165 regulated cannabis businesses in specific areas;

166

167 (4) impose fees to defray some of the costs to the City of licensing regulated
168 cannabis businesses;

169

170 (5) adopt a mechanism for monitoring compliance with the provisions of this
171 Chapter;

172

173 (6) create regulations that address the particular needs of the residents, the
174 businesses, and the City and coordinate with laws enacted by the State of
175 Colorado regarding cannabis; and,

176

177 (7) issue regulated cannabis business licenses only to Applicants that
178 demonstrate the intent and capability to comply with the law.

179

180 This Chapter is to be construed to protect the interests of the public over the
181 interests of the regulated cannabis businesses. Operation of a regulated cannabis
182 business is a revocable privilege and not a right in the City. There is no property
183 right for any person and/or business to have a regulated cannabis license in the
184 City.

185

186 Nothing in this Chapter is intended to promote or condone the production,
187 distribution, or possession of cannabis in violation of any applicable law.

188

189 5.13.011 Applicability.

190

191 (a) This Chapter is known and may be cited as the "City of Grand Junction
192 Regulated Cannabis Code" or "Code." Reference to the City of Grand
193 Junction Regulated Cannabis Code, Code or Chapter and the applicable
194 section(s) thereof shall be sufficient when citing the provisions of this
195 hereof in any legal document, including but not limited to, summons,
196 subpoena, pleading, summons and compliant, and memorandum.

197

198 (b) This Chapter, together with all other titles and chapters of the Grand
199 Junction Municipal Code (hereinafter referred to as "GJMC"), shall govern
200 all applications submitted for licensing of any regulated cannabis business
201 in the City on and after the effective date.
202

203 **5.13.012 Applicability of state laws and other laws.**
204

205 (a) Except as otherwise specifically provided herein, this Chapter incorporates
206 and adopts the requirements and procedures set forth in the Colorado
207 Marijuana Code and the provisions of the Colorado Rules and Regulations
208 promulgated thereunder, as amended, relating to the definition of terms,
209 licensing, sales, hours of sale, records, inspection, unlawful acts, and all
210 other matters pertaining to regulated cannabis, as set out in full therein and
211 herein. In the event of any conflict between the provisions of this Chapter
212 and the provisions of the Colorado Marijuana Code or any other applicable
213 state or local law, the more restrictive provision shall control. Licensees
214 shall comply with and conduct their business in compliance with all
215 applicable state and local laws, rules and regulations, and the terms and
216 conditions of their license. Noncompliance with any applicable state or
217 local laws, rules or regulations shall be grounds for revocation or
218 suspension of any license issued hereunder and/or imposition of fines and
219 other allowable sanctions.
220

221 (b) Compliance with any applicable state law or regulation shall be deemed
222 additional requirements for issuance of any license and conduct of any
223 business under this Chapter, and noncompliance with any applicable law
224 or regulation shall be grounds for revocation or suspension of any license
225 issued hereunder and/or imposition of fines and other allowable sanctions.
226

227 (c) If the state prohibits the sale or other distribution of cannabis through
228 regulated businesses, any license issued hereunder shall be deemed
229 immediately revoked by operation of law.
230

231 **5.13.013 Definitions.**
232

233 The definitions set forth in Article XVIII, Subsections 14(2) and 16(2) of the
234 Colorado Constitution, as well as the definitions provided by the Colorado
235 Marijuana Code, the Colorado Code of Regulations, and the Department of
236 Revenue Regulated Marijuana Enforcement Division Rules and regulations as
237 amended, are adopted herein unless by reference specifically amended hereby.
238

239 **“Advertise” means the act of drawing the public’s attention, whether in print, signs,**
240 **or electronic means, to a regulated cannabis business in order to promote the sale**
241 **of cannabis by the business.**

242
243 **“Affiliated entity” or “affiliate” means a person as defined herein, having ownership**
244 **or any level of control in common with an entity, in whole or in part, including**
245 **without limitation, an entity’s parent corporation, franchisor, licensor and any**
246 **subsidiary(ies) or affiliates or such corporation(s). Affiliate also means a person**
247 **using the same trade name as another person.**

248
249 **“Appealing to minors” means any display on the internet, by audio, in print on a**
250 **sign, or similar presentation visible to individuals under 21 years of age that**
251 **contains visual or audio or print depictions of cartoon characters, caricatures,**
252 **consumable products, individuals that seem under 21 years of age or engaging in**
253 **activities not typical of adults. Visual, audio or print depictions of animals may be**
254 **allowed so long as they do not violate other restrictions in the GJMC.**

255
256 **“Application fee” shall mean the fee paid to the City by each Applicant at the time**
257 **of submitting an application to the City.**

258
259 **“Applicant” shall mean any person or entity who has applied for a license or**
260 **renewal of a license issued pursuant to this Chapter. If the Applicant is an entity**
261 **and not a natural person, Applicant shall include all persons who are the members,**
262 **managers, officers, directors, and shareholders of such entity.**

263
264 **“Cannabis”, also known as marijuana, shall have the same meaning as the term**
265 **“usable form of marijuana” as set forth in Article XVIII, Section 16(2)(f) of the**
266 **Colorado Constitution or as may be more fully defined in any applicable State law**
267 **or regulation. “Marijuana” may alternatively be spelled “marihuana”.**

268
269 **“Cannabis business” shall means regulated cannabis business as defined in this**
270 **Chapter.**

271
272 **“Cannabis operator” means a medical cannabis business operator or a retail**
273 **cannabis business operator.**

274
275 **“Cannabis paraphernalia” or “paraphernalia” shall mean devices, contrivances,**
276 **instruments and paraphernalia for inhaling or otherwise consuming regulated**
277 **cannabis, including, but not limited to, rolling papers, related tools, water pipes**
278 **and vaporizers.**

279
280 **“Cannabis product” means “medical cannabis product” or “regulated cannabis**
281 **product”.**

282
283 **“Cannabis product manufacturer” means a medical cannabis products**
284 **manufacturer or a retail cannabis products manufacturer.**
285
286 **“Cannabis testing facility” means a medical cannabis testing facility or a retail**
287 **cannabis testing facility.**
288
289 **“City Attorney” means the City Attorney or the City Attorney’s designee.**
290
291 **“City Manager” means the City Manager or the City Manager’s designee.**
292
293 **“Colorado Medical Marijuana Code” shall mean Title 44, Article 11, C.R.S. and any**
294 **rules or regulations promulgated thereunder.**
295
296 **“Colorado Marijuana Code” shall mean Title 44, Article 10, C.R.S. and any rules or**
297 **regulations promulgated thereunder.**
298
299 **“Company material” means any information printed or transmitted electronically**
300 **that includes the name and logo of a particular cannabis business(es) and**
301 **promotes the business or describes cannabis or cannabis product distributed by**
302 **the business(es). Company material may include promotion of the business to**
303 **potential employees over the age of 21, or investors, or instructions for use of**
304 **any cannabis or cannabis products distributed by the business(es).**
305
306 **“Coupon” means a printed voucher or token entitling the holder to a discount for**
307 **a particular product or service. Coupon does not include showing a government-**
308 **issued verification of age or military status, or registration for a charitable event,**
309 **or similar item the showing of which, without providing a separate printing to the**
310 **business, entitles the holder to a discount for a particular product or service.**
311
312 **“Distribution” or “distribute” means the actual, constructive, or attempted transfer,**
313 **delivery, sale, or dispensing to another, with or without remuneration.**
314
315 **“Educational material” means materials prepared by a governmental or non-profit**
316 **entity that are designed to provide information, facts, instructions, and warnings**
317 **related to the legal use or consumption of cannabis and cannabis products.**
318 **Educational materials do not include arguments for or against the legalization of**
319 **cannabis or encourage the use of cannabis or advertisements, including the name**
320 **and logo for any cannabis business.**
321
322 **“Entity” means a domestic or foreign corporation, cooperative, general**
323 **partnership, limited liability partnership, limited liability company, limited**
324 **partnership, limited liability limited partnership, limited partnership association,**

325 nonprofit association, nonprofit corporation or any other organization or
326 association that if formed under a statute or common law of the state of Colorado
327 or any other jurisdiction as to which the laws of Colorado or the laws of any other
328 jurisdiction govern(s) relations among owners and between the owners and the
329 organization or association and that is recognized under the laws of the state of
330 Colorado or the other jurisdiction as a separate legal entity.

331
332 “Fermented malt beverage” shall mean the same as referenced in Chapter 5.04.010
333 of the GJMC.

334
335 “Financier” means any person who lends money or otherwise provides assets to
336 any person applying for license under this Chapter. If a financier is an entity rather
337 than an individual, the same disclosure shall be required for each entity with an
338 ownership interest until a managing member that is a natural person is identified.
339 Financier shall not include a bank, savings and loan association, credit union, or
340 industrial bank supervised and regulated by an agency of the state or federal
341 government, or any person in the business of leasing equipment or cannabis
342 business for which the rental amount does not include any percentage of the
343 business or its profits, or any person that has been qualified as a beneficial owner
344 (as defined by the Colorado Marijuana Code).

345
346 “Financial interest” shall mean any ownership interest(s).

347
348 “Good cause”, for the purposes of approving, refusing or denying the issuance or
349 renewal of a license, means:

- 350
351 a. The Licensee or Applicant has violated, does not meet, or has failed
352 to comply with any terms, conditions, or provisions of the Colorado
353 Marijuana Code, the City Code, any rule and regulation adopted
354 pursuant thereto, or any supplemental relevant state or local law, rule
355 or regulation related to the cultivation, processing, manufacture,
356 storage, sale, distribution, transportation, testing, and research, or
357 consumption of any form of cannabis;
358
359 b. The Licensee or Applicant has failed to comply with any special term
360 or condition placed on the license by order of the state licensing
361 authority or the local licensing authority;
362
363 c. Evidence of the Licensee’s licensed premises have been operated in
364 a manner that adversely affects the public health, safety or the general
365 welfare of the City or the immediate neighborhood where the business
366 is located, which evidence may include a continuing pattern of
367 violations of the Colorado Marijuana Code, the City’s Code, or terms

368 and conditions of a license issued pursuant to this Chapter, a
369 continuing pattern of unlawful or violent activity occurring in the
370 location and in association with the operation of the business; or

371
372 d. Evidence the Applicant or Licensee, or any officer, director, owner,
373 manager, agent or employee of the Applicant or Licensee is not of
374 good moral character.

375
376 “Good moral character” means an individual who has a personal history
377 demonstrating honesty, fairness, and respect for the rights of other and for
378 conformance to the law which may include considerations of whether an individual
379 has:

- 380
- 381 a. Ever had a professional or occupation license denied, suspended, or
382 revoked;
 - 383
 - 384 b. Ever had a business or sales tax license denied, suspended, or
385 revoked;
 - 386
 - 387 c. Ever surrendered, been denied, or had any type of cannabis related
388 license or permit placed on an administrative hold, suspended or
389 revoked;
 - 390
 - 391 d. Ever been denied any type of cannabis related business license;
 - 392
 - 393 e. Ever had a business temporarily or permanently closed for failure to
394 comply with any tax, health, building, fire, zoning or safety law;
 - 395
 - 396 f. Ever had any administrative, civil or criminal finding of delinquency
397 for failure to file or failure to pay state or local sales or use taxes or
398 any other taxes;
 - 399
 - 400 g. Ever been convicted of or pled guilty or no contest to a crime of moral
401 turpitude; or
 - 402
 - 403 h. Within the previous five years been convicted of any misdemeanor,
404 petty offense or any local ordinance violation related to the cultivation,
405 processing, manufacture, storage, sale, distribution, transportation,
406 testing, research, or consumption of any form of cannabis, drug or
407 controlled substance; or within the previous five years been convicted
408 of a non-drug related felony; or, at any time, been convicted of a felony
409 related to the cultivation, processing, manufacture, storage, sale,

410 distribution, transportation, testing, research, or consumption of any
411 form of cannabis, drug or controlled substance.

412
413 "Handbill", "leaflet" or "flyer" means a flat or folded sheet of printed material that
414 is a notice, advertisement, or announcement, usually for distribution by hand, for
415 free, either directly to an individual or by placement on vehicles or other locations.
416 Handbill, leaflet, or flyer does not include educational materials without the name
417 or logo of a cannabis business, or information made available within the licensed
418 premises of a cannabis business.

419
420 "Immature plant" means a nonflowering cannabis plant that is not required by the
421 Colorado Marijuana Enforcement Division to have a RFID tag. In no event shall a
422 plant be considered an immature plant if it is taller than eight inches and wider than
423 eight inches.

424
425 "In-charge employee" means the individual designated by the owner of the
426 cannabis business as the person responsible for all operations of the business in
427 the absence of the owner from the licensed premises. In-charge employees shall
428 have access to lock and unlock doors, lock and unlock safes, arm and disarm the
429 alarm, have access to the video surveillance equipment and who can operate and
430 access past footage and produce still color photographs from the on-site, as well
431 as the off-site video surveillance equipment upon request.

432
433 "Incidental to sponsorship of charitable events" means the printing of the names
434 of all sponsors of a particular charitable event by the event organizer on
435 advertisements, banners, clothing, programs, or similar items. Incidental to
436 sponsorship of charitable events does not include the placement of a booth(s) or
437 distribution of material(s) that does not list or is for the use of all sponsors of the
438 event.

439
440 "License" shall mean to grant a revocable privilege to lawfully operate in the City
441 a cannabis related business activity authorized pursuant to the Colorado Marijuana
442 Code and this Chapter.

443
444 "License fee" shall mean that fee set and established by Resolution of City Council
445 and paid annually to the City by each Licensee.

446
447 "Licensed premises" means the premises specified in an application for a license
448 or permit authorized pursuant to the Colorado Marijuana Code and this Chapter,
449 which are owned or in the legal possession of the Licensee and within which the
450 Licensee is authorized to cultivate, manufacture, distribute, research, sell, store,
451 transport, or test cannabis, cannabis products, and cannabis concentrates in
452 accordance with all applicable laws.

453
454 **“Licensee” means any person licensed or granted a permit pursuant to the**
455 **Colorado Marijuana Code or this Chapter, including the cannabis business named**
456 **on the cannabis business license and all individuals named in the cannabis**
457 **business license application or later reported to the City, including without**
458 **limitation, owners, managers, financiers, and individuals owning any part of the**
459 **entity that holds a financial or ownership interest in the cannabis business.**

460
461 **“Liquid assets” mean assets that can be readily converted into cash and includes**
462 **assets that will be placed directly into the cannabis business. Liquid assets**
463 **include, but are not limited to, the following: funds in checking or savings**
464 **accounts, certificates of deposit, money market accounts, mutual fund shares,**
465 **publicly traded stocks, United States savings bonds, furniture and equipment,**
466 **packaged cannabis, and related products and inventory to be transferred to the**
467 **cannabis business. Liquid assets do not mean household items, vehicles,**
468 **cannabis plants, and real property and improvements thereto.**

469
470 **“Local Licensing Authority” also known as “Cannabis Licensing Authority”**
471 **(“Authority”) means an authority designated by the City Council.**

472
473 **“Mall” means Mesa Mall located at 2424 US Highway 6, Grand Junction, CO 81505.**

474 **“Malt, vinous, and spiritous liquor” has the same meaning as defined in the**
475 **Colorado Liquor Code (Title 44, Article 3, C.R.S) or in the Colorado Beer Code (Title**
476 **44, Article 3, C.R.S.)**

477 **“Manager” means:**

478 **a. A member of a limited liability company in which management is not**
479 **vested in managers rather than members;**

480 **b. A manager of a limited liability company in which management is**
481 **vested in managers rather than members;**

482 **c. A member of a limited partnership association in which management**
483 **is not vested in managers rather than members;**

484 **d. A manager of a limited partnership association in which management**
485 **is vested in managers rather than members;**

486 **e. A general partner;**

487 **f. An officer or director of a corporation, a nonprofit, a cooperative, or a**
488 **limited partnership association; or**

489 g. Any person whose position with respect to an Entity, as determined
490 under the constituent documents and organic statutes of the Entity,
491 without regard to the Person's title, is the functional equivalent of any of
492 the positions described in this definition.

493 "Minor" means a person under 21 years of age.

494 "Modification of premises" means a change to a regulated cannabis business that
495 requires a building or other permit from the City or changes any part of the plans
496 required as part of the application for the cannabis business license. Modification
497 of premises does not include routine maintenance, including replacement of
498 lightbulbs or filters, painting, cleaning or replacement of non-mechanical items
499 such as windows and flooring so long as the maintenance does not result in a
500 change to the plans required as part of the application.

501 "Operating fees" means that fee(s) set and established by Resolution of City
502 Council and paid annually to the City by each Licensee. Operating fees may be
503 charged by the City for costs including but not limited to inspection,
504 administration, and enforcement of cannabis businesses authorized pursuant to
505 the Colorado Constitution, the Colorado Marijuana Code, this Code, and any of
506 the rules and regulations adopted pursuant thereto.

507 "Owner" means the person or persons whose beneficial interest in a regulated
508 cannabis business bears a risk of loss other than an insurer, has an opportunity
509 to gain profit from the operation or sale of the business and has a controlling
510 interest in a cannabis businesses, business entity or license, and includes any
511 other person(s) that qualifies as an owner pursuant to state law, rules or
512 regulations.

513 "Person" shall mean a natural person, partnership, association, company,
514 corporation, limited liability company or other organization or entity or a manager,
515 agent, owner, officer or employee thereof.

516 "Place open to the general public" means any property owned, leased, or used by
517 a public entity, and any place on private property open to the public, common area
518 of buildings, private clubs, vehicles, those portions of any private property upon
519 which the public has an express or implied license to enter or remain, and any
520 place visible from such places.

521 "Possess" or "possession" means having physical control of the premises in
522 which an object is located or having the power and intent to control an object,
523 without regard to whether the one in possession has ownership of the object.
524 Possession may be held by more than one person at a time. Use of the object is
525 not required for possession. The owner of a regulated cannabis business shall be
526 considered in possession of the regulated cannabis business at all times. The
527 manager of a regulated cannabis business shall be considered in possession of

528 the regulated cannabis business at all times that the manager is on the premises
529 of the business or has been designated by the owner as the manager in the
530 absence of the owner in accordance with this Chapter.

531 "Premises" means a distinct and definite location, which may include a building, a
532 part of a building, a room, or any other defined contiguous area.

533 "Primary home" means that home or place in which a person's habitation is fixed
534 and to which the person, whenever absent, has the present intention of returning
535 after a departure or absence therefrom, regardless of the duration of such
536 absence. A "primary home" is a permanent building or part of a permanent
537 building and may include, by way of example, a house, condominium, apartment,
538 room in a house or manufactured housing. No rental property, a vacant house or
539 cabin or other premises used solely for business purposes shall be considered a
540 primary home.

541 "Rehabilitation center" means any facility(ies) or transitional residential treatment
542 facility(ies) operating after the effective date of this Chapter for prevention,
543 treatment or recovery from substances and mental health concerns as licensed by
544 the Colorado Department of Human Services, Office of Behavioral Health (OBH).
545 licensed by the Colorado Department of Human Services.

546 "Restricted area" means the portion of a cannabis business within which the
547 "Licensee" defines on its application it intends to distribute, possess, or produce
548 regulated cannabis and which area is clearly identified as the restricted area on the
549 floor plan submitted with the cannabis business license application for the
550 business.

551 "Regulated cannabis business" means:

552 (a) any person that produces, distributes, possesses, tests or makes available
553 more than six cannabis plants or one ounce of cannabis; any person that
554 sells any amount of cannabis; or

555 (b) any person who possesses cannabis openly or publicly.

556 The term regulated cannabis business shall not include the private cultivation,
557 possession, or use within a person's residence of no more than:

558 (a) six plants in an enclosed, locked space, or

559 (b) one ounce of cannabis; or

560 (c) the cannabis derived from no more than six plants on the premises where
561 the plants were grown if the plants were grown in an enclosed, locked space.

562 “Regulated cannabis plant” means a cannabis seed that is germinated and all
563 parts of the growth therefrom, including, without limitation, roots, stalks, and
564 leaves. Cannabis plant shall include immature plants except where specifically
565 exempted in this Code. For purposes of this Chapter, the portion of regulated
566 cannabis plant harvested from the plant or converted to a usable form of regulated
567 cannabis for medical use is not considered part of the plant upon harvesting.

568 “Safe” means the Grand Junction Police Department may approve security devices
569 such as vaults and strong rooms that are functionality equivalent to safes.

Commented [J51]: GJPD to consult

570 “Violation of any law” means a plea or finding of a violation of any law in a criminal,
571 civil, or administrative proceeding whether part of a plea agreement, settlement
572 agreement or determination by an arbitrator, hearing officer, court, or jury.

573 5.13.014 License Required.

574

575 (a) It shall be unlawful for any person to engage in any form of business or
576 commerce or activity involving cultivation, processing, manufacturing,
577 storage, sale, distribution, transportation, testing, research or consumption
578 of any form of cannabis or cannabis products other than those forms of
579 business and commerce activities that are expressly contemplated by
580 Sections 14 and 16 of Article XVIII of the Colorado Constitution, Colorado
581 Marijuana Code, this Code, or other applicable provisions of the GJMC.

582

583 (b) It shall be unlawful for any person to operate a regulated cannabis
584 business in the City without a license to operate issued pursuant to the
585 requirements of this Chapter while concurrently holding a license in good
586 standing from the state and in compliance with any and all applicable laws.

587

588 (c) No regulated cannabis business shall operate without obtaining any other
589 license(s) or permit(s) required by any federal, state, or local law, by way of
590 example, a regulated sales and use tax license, a retail food business
591 license, or any applicable zoning or building permit. No two or more
592 different regulated cannabis businesses may be treated as one premise
593 unless approved as co-located businesses. Retail and medical cannabis
594 may be co-located; however, if not co-located medical licenses will not be
595 separately considered in accounting for the 10 (ten) license cap.

596

597 (d) The license(s) required to lawfully conduct business must be in full force
598 and effect, all applicable fees and taxes have been paid in full, and all
599 conditions of the license application be satisfied in order to conduct
600 business. Each and every license applies to the person/entity named
601 thereon and the activity(ies) authorized by the license and the location

- 602 where the sale and/or possession occurs. Failure to maintain a current,
603 valid license shall constitute a violation of this Chapter.
604
- 605 (e) It shall be unlawful for any person to exercise any of the privileges granted
606 by a License other than the person(s) issued the License.
- 607 (f) It shall be unlawful for any person(s) granted a license to allow any other
608 person to exercise any privilege granted under the License.
- 609 (g) It shall be unlawful for any person to operate any cannabis business in the
610 City without a License issued by the City and the State licensing authorities
611 pursuant to the Colorado Marijuana Code, this Chapter and other
612 applicable provisions of the GJMC and applicable law.
- 613 (h) The issuance of a City license pursuant to this Chapter does not create an
614 exception, defense, or immunity to any person in regard to any potential
615 criminal liability the person may have for the production, distribution,
616 storage, transportation or possession of cannabis.
617
- 618 (i) All persons who are engaged in or who are attempting to engage in the
619 distribution, and/or sale of regulated cannabis in any form shall do so only
620 in strict compliance with the terms, conditions, limitations, and restrictions
621 in Section 14 and 16 of Article XVIII of the Colorado Constitution, state law,
622 the Colorado Marijuana Rules, the GJMC , and all other laws, rules, and
623 regulations.
624

625 5.13.015 Licensing Authority (Cannabis Licensing Authority).
626

- 627 (a) For the purpose of regulating and controlling the licensing and the sale of
628 regulated cannabis in the City, there is hereby created a local licensing
629 authority appointed by the City Council, hereafter referred to as Authority.
630
- 631 (b) The Authority shall have and is vested with authority to grant or to refuse a
632 license application or renewal, as well. The Authority may order special
633 terms and conditions on licenses in the event of an emergency or as
634 temporarily required to protect the public health, safety and wellbeing
635 without the need for a public hearing. Notice of such action and for a public
636 hearing before the Authority on the matter shall be provided to the
637 Licensee.
- 638 (c) The Authority shall have all the powers provided in this Chapter, and as set
639 forth in C.R.S. 44-10-301 *et. seq.* and the Colorado Marijuana Rules, and
640 the regulations promulgated thereunder.
641

- 642 (d) The Authority may promulgate such rules and regulations as it deems
643 necessary for the proper administration and enforcement of this Chapter,
644 provided that the same are not in conflict with the Colorado Marijuana
645 Code, Colorado Constitution, and the Colorado Department of Revenue
646 Enforcement Rules.
647
- 648 (e) The Authority may exercise all other powers and duties as are set forth in
649 the Colorado Marijuana Code, the Colorado Constitution, the Colorado
650 Department of Revenue Marijuana Enforcement Division Rules, the GJMC
651 and any rule or regulation adopted pursuant thereto.
652
- 653 (f) Under any and all circumstances in which state law requires
654 communication to the City by the state licensing authority or any other
655 state agency in regard to any license authorized by this Chapter, or in
656 which state law requires any review or approval by the City of any action
657 taken by the state licensing authority, the exclusive government
658 department for receiving such communications and granting such
659 approvals shall be the Authority.
660
- 661 (g) The Authority may issue subpoenas to require the presence of persons and
662 the production of papers, books and records necessary to the
663 determination of any hearing the Authority is authorized to conduct.
664
- 665 (h) The Authority may suspend, or revoke licenses granted under this Chapter
666 for good cause or as set forth in this Chapter or as applicable law may
667 provide.
668
- 669 (i) The Authority may summarily suspend a license issued pursuant to this
670 Chapter without notice pending any prosecution or public hearing for a
671 period not to exceed 15 days when the Authority determines a Licensee or
672 an agent or employee of the Licensee has violated the Colorado Marijuana
673 Code, the Colorado Department of Revenue Enforcement Division
674 Marijuana Rules, the Colorado Constitution, the City's Code, or any rule
675 and regulation related to the storage, sale, distribution, transportation,
676 testing, or consumption of any form of cannabis, or when the public health,
677 safety or wellbeing imperatively requires emergency action, and
678 incorporates such findings in the notice for a public hearing before the
679 Authority on the matter.
680
- 681 (j) Nothing in this Chapter shall be construed to limit a law enforcement
682 agency's ability to investigate unlawful activity in relation to a License
683 issued pursuant to this Code.

- 684
685
686
687
- (k) A Hearing Officer for the Authority shall be appointed by and serve at the pleasure of the City Council.
- 688
689
690
691
692
693
- (l) The Hearing Officer may be removed by the City Council for nonattendance to duty or for cause. If the Hearing Officer fails to attend three (3) consecutive meetings of the Authority, he/she shall be removed from the Hearing Officer position unless the City Council excuses any such absences.
- 694
695
- (m) Duties of the Hearing Officer. The Hearing Officer shall:
- 696
697
698
699
700
701
702
703
 - 704
705
706
707
708
709
710
711
 - 712
713
714
 - 715
716
717
 - 718
719
720
721
722
- 723
724
725
726
- (n) Hearing procedures. The Hearing Officer may establish such procedures and local rules to be followed in actions before her/him. Such procedures shall include the following:

- 727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
1. Control the mode, manner and order of all proceedings and hearings.
 2. The adoption of rules, procedures, and policies for its own proceedings and for filing applications and requests.
 3. The adoption of application forms and submission requirements, including a requirement that applications, complaints and other documents be filed in a digital format approved by the Authority and to refuse applications, complaints and other documents not filed in the approved digital format.
 4. To perform any act that the Authority is authorized to perform by law.
 5. To promulgate such rules and regulations deemed necessary to properly administer and enforce this Chapter, and to exercise all other powers and duties as set forth in this Chapter, as well as those set forth in the Colorado Marijuana Code and Subsection 5(f) of Section 16 of Article XVIII of the Colorado Constitution. The Authority shall provide all proposed rules and subsequent changes thereto, to City Council for approval by Resolution.
- (o) Powers in the conduct of hearings. The Hearing Officer shall conduct hearings under and in accordance with this Chapter, local rules and procedures, and the Colorado Marijuana Code.
- (p) Contempt. In the event that any person, in the immediate presence of the Authority or within its sight or hearing, while the Authority is in session during a hearing, commits a direct contempt of the Authority by speech, gesture or conduct which disobeys a lawful order of the Authority, shows gross disrespect to the Authority tending to bring the Authority into public ridicule, or substantially interferes with the Authority's proceedings, the Authority may hold such person in contempt. Contemptuous conduct by any principal, registered manager or employee shall be imputed to the Licensee. The Authority may impose the following sanctions for contempt:
1. Removal of the person committing the contempt from the proceedings, the hearing room and its environs;
 2. Public censure, which shall be made a matter of the Licensee's record and may be used as an aggravating factor in determining any fine, suspension, revocation or renewal;

- 769 3. A prohibition against the individual or the Licensee introducing into the
770 record testimony, documents, exhibits or other evidence;
771
772 4. An order striking, disregarding and refusing to consider pleadings,
773 applications, documents, objections, testimony, exhibits or other
774 evidence or arguments already introduced by such person;
775
776 5. A fine, enforced by suspension of the License until the fine is paid;
777
778 6. Default of any motion, compliant or other action then pending against
779 the Licensee; and/or
780
781 7. Denial of any application by the Licensee then pending before the
782 Authority.
783

784 (q) Determinations with respect to hearings.

- 785
786 1. The Hearing Officer shall make his/her determination after hearings in
787 accordance with this Code, the Colorado Marijuana Code and
788 established legal principles. The decision of the Hearing Officer shall be
789 final, and appeal from that decision shall be to the District Court of the
790 21st Judicial District.
791
792 2. Actions taken by the Authority are subject to review by the courts
793 pursuant to Rule 106 of the Colorado Rules of Civil Procedure. Any
794 person applying to the Court for review shall be required to pay the cost
795 of preparing a transcript of proceedings before the Authority whenever
796 such a transcript is necessary for purposes of an appeal.
797

798 5.13.016 City Manager; Powers and Duties – Licensing.
799

- 800 (a) The City Manager shall serve as the secretary of the Authority and shall
801 provide or cause to be provided the necessary administrative and
802 reporting services for the Authority. The City Manager and City Attorney
803 shall attend all meetings of the Authority. All public notices required by
804 this Chapter and by C.R.S. 44-10-101, *et seq.*, and the Colorado Marijuana
805 Rules, as amended, and the regulations promulgated thereunder, shall be
806 accomplished by the City Manager.
807
808 (b) The City Manager shall receive all applications for licenses and permits
809 and, upon receipt of full payment of fees as are required by state law and
810 by this Chapter, and satisfaction of the preconditions of the licensure,
811 shall issue all licenses.

812
813 **5.13.017 Application process/requirements.**

814 (a) **Applications.** All applications for any license authorized by this Chapter
815 shall be submitted to the City Manager upon forms provided by the
816 Authority and shall include supplemental materials as required by this
817 Chapter, the Colorado Marijuana Code, and any rules and regulations
818 adopted pursuant thereto. To the extent any of the foregoing materials
819 have been included with the Applicant's state license application and
820 forwarded to the City by the State, the Authority may rely upon the
821 information forwarded by Applicants without requiring resubmittal of the
822 same materials in conjunction with the local license application.

823 (b) The Authority may, at the Authority's discretion, require additional
824 information and/or documentation for the consideration of the
825 application as it may deem necessary to enforce the requirements of the
826 Colorado Marijuana Code and this Chapter.

827 (c) The general procedures and requirements of licenses, as more fully set
828 forth in Chapter 5.04 of the Grand Junction Municipal Code, shall apply
829 to regulated cannabis business licenses. To the extent of conflict
830 between the provisions of this Chapter and Chapter 5.04, the provisions
831 of this Chapter shall control for regulated cannabis licenses.

832 (d) **Initial Application.**

833 1. **Complete Application.** The City Manager shall receive all Applications
834 for a License authorized by this Chapter. The City Manager review and,
835 if demonstrated from the Application, find an Application to be complete
836 if the Applicant, on forms provided by the City, provides: (a) materials
837 and information demonstrating that all requirements for licensure can or
838 will be met by the Applicant at the time of licensure, provided in section
839 05.13.025 of this Code.

840 2. No person or entity, to include an affiliate(s)/affiliated entity, shall apply
841 for more than one license for any location in the City.

842 3. The Applicant shall provide a zoning and buffering verification from
843 Community Development Department Director that states the location
844 proposed for licensing complies with any and all zoning and land use
845 laws of the City, and any and all restrictions on location set forth in this
846 Code. If the Director makes a determination that the proposed license
847 location would be in violation of any zoning law or other restriction on
848 location set forth in the GJMC and/or any Administrative Regulation(s)
849 construing the same, then the Director shall, no later than 20 days from
850 the date the Applicant requested the zoning and buffering verification,

851 notify the Applicant in writing that the proposed license location cannot
852 be verified to be in compliance. As provided by the GJMC, the Applicant
853 may appeal the Directors decision.

854 4. The Applicant shall provide affirmation in in writing that the Applicant,
855 the Licensee, the officers, directors, owners, agents, employees or any
856 person having a direct or indirect financial interest of 10% in the business
857 are of good moral character in accordance with the standards and
858 procedures set forth in the Colorado Marijuana Code, this Chapter and
859 the rules and regulations adopted pursuant thereto.

860 5. The Applicant provides an application for only one license at one
861 location for each class of cannabis business license authorized by this
862 Chapter. A co-located medical and retail cannabis business location
863 shall be deemed one license. A location for a license shall be established
864 and determined by lawful street addressing. A unit(s) in a building that is
865 not separately, legally created and addressed is(are) not a separate
866 location(s) located regulated and medical cannabis business.

867 6. The Applicant shall provide affirmation in writing that it has and will
868 satisfy and continuously meet, if a license is awarded, all the terms,
869 conditions, provisions, and requirements imposed upon the Applicant or
870 the Licensee by the applicable provisions of the Colorado Marijuana
871 Code, the City's Code, and all the rules and regulations adopted pursuant
872 thereto, and all applicable building, fire, health or zoning, codes,
873 ordinances, rules or regulations adopted pursuant thereto related to the
874 cultivation, processing, manufacture, storage, sale, distribution, testing,
875 research, transporting, or consumption of any form of cannabis.

876 7. The Applicant shall provide affirmation in writing the license
877 application contains no fraudulent, misrepresented, or false statements
878 of a material or relevant fact.

879 8. The Applicant shall pay all applicable application and licensing fees.

880 9. The Applicant provides affirmation in writing that it or the Licensee is
881 not overdue on his/her/its payment of any taxes, fines, interest,
882 penalties or collection costs assessed against or imposed upon such
883 Applicant in any business matters, affairs or dealings of the Applicant
884 in any state, county, municipality on which the Applicant conducts
885 business.

886 10. The Applicant provides affirmation in writing the Applicant officers,
887 directors, other owners, any person having a direct or indirect financial
888 interest in the business, and agents or employees of the Applicant are
889 of Good Moral Character considering the factors in C.R.S. § 24-5-101(2);

890 have no felony convictions in the last five years, no drug related local
891 ordinance, petty offense or misdemeanor convictions in the last five
892 years, and no drug related felony convictions.

893 11. The Applicant provides affirmation in writing, the Applicant's
894 principal officers, directors, members, or owners who now, or at any time
895 in the past, have had 10% or more ownership in any cannabis business
896 have not had, or the business has not had, a cannabis license suspended
897 or revoked by the State of Colorado or any other state, or any other
898 jurisdiction's local authority or other controlling authority;

899 12. The Applicant provides affirmation in writing that the Applicant will,
900 if selected for licensure, make all the improvements to the licensed
901 premises as required by the GJMC or will have a plan and timeline to
902 improve the proposed license location so that the cannabis business
903 operations shall begin within six months of the issuance of the License.

904 13. The Applicant affirms in writing, the Applicant is not a sheriff, deputy,
905 police officer, prosecuting officer, or an officer or employee of the state;
906 and,

907 14. The Applicant affirms in writing, the Applicant is not a person whose
908 authority to be a primary caregiver as defined in § 25-1.5-106(2), C.R.S.,
909 has been revoked by the state health agency.

910 (e) Incomplete Application. Upon review of an application, the City Manager
911 shall provide a notice of initial determination to the Applicant in writing
912 as to whether the Applicant's application is complete. If such application
913 is incomplete or if such proposed licensed premises violates City laws,
914 the City Clerk shall provide to the Applicant twenty days to cure the
915 application or violation before notifying the State that the application is
916 disapproved by the City.

917 (f) Denial of initial application. The City Manager may deny any application
918 that does not meet the requirements of this Chapter, the Colorado
919 Marijuana Code, or any other applicable state or City law or regulation. In
920 addition to prohibitions on persons as licensees found in the Colorado
921 Marijuana Code, should the Applicant be unable to affirm or the City
922 discovers evidence that an affirmation was contrary, false, misleading or
923 incomplete, shall constitute full and adequate grounds for denial of any
924 application.

925 1. Notice of denial. If, after investigation and discovery, the City
926 Manager determines that the application will be denied, the City
927 Manager shall:

- 928 a. Provide notice in writing to the Applicant that
929 the Application is denied and reasons for the
930 denial;
931 b. Notify the State in writing of the City Manager's
932 decision to deny the application.
933

934 2. Appeal of denial. An Applicant may appeal the City Manager's
935 decision of denial by submitting a written request, on a form provided
936 by the City, received by the City Manager within 20 days of the date
937 on the written notice of denial. The appeal request shall include any
938 legal and factual support for the appeal. An appeal hearing will be set
939 before the Hearing Officer for a written appeal. The Hearing Officer
940 shall only review and consider those issues specifically addressed in
941 the written appeal.

942 5.13.018 Randomized selection process.

943 All applications that are confirmed to be complete and in accordance with all
944 applicable laws and regulations by the Hearing Officer shall enter the randomized
945 selection process if there are more such applications than available licenses. In the
946 event the number of confirmed applications is the same or fewer than the number
947 of available license(s), the randomized selection process will not occur.

948 5.13.020 Investigation and fingerprinting of Applicant.

949 Prior to the acceptance of applications for a License, transfer of ownership, change
950 of corporate structure, or other permit as provided in this Chapter, the Colorado
951 Marijuana Code and the Colorado Marijuana Rules, the following individuals shall
952 provide verified fingerprint information to the Grand Junction Police Department:

- 953 (a) If the Applicant is a natural person, that person;
954 (b) If the Applicant is a partnership, all of the partners; and
955 (c) If the Applicant is a corporation, both the officers and directors, together
956 with any person owning more than 10% of the stock thereof.

957 5.13.021 Duty to supplement.

958 (a) If, at any time before or after a license is issued pursuant to this Chapter,
959 any information required by the Colorado Marijuana Code, or any rule and
960 regulation adopted pursuant thereto, changes from that which is stated
961 in the application, the Applicant or Licensee shall supplement its
962 application with the updated information within ten days from the date
963 upon which such change occurs.

964 (b) An Applicant or Licensee has a duty to notify the Authority of any pending
965 criminal charge(s) and any criminal conviction(s) by the Applicant,
966 Licensee, any owner, officer, director, manager, agent or employee of the
967 Applicant or Licensee within ten days of the event.

968 (c) An Applicant or Licensee has a duty to notify the Authority of any pending
969 violation of, and any conviction for, a violation of any building, fire, health
970 or zoning statute, code or ordinance related to the cultivation,
971 processing, manufacture, transportation, storage, sale, distribution,
972 testing, research, or consumption of any form of cannabis by the
973 Applicant, Licensee, any owner, officer, director, manager, agent or
974 employee of the Applicant or Licensee within ten days of the event.

975 5.13.023 Number of licenses.

976 (a) No more than ten regulatory cannabis business licenses, excluding any
977 medical cannabis business license that are co-located with a Retail
978 Cannabis business license, shall be issued.

979 5.13.024 Classes of licenses authorized.

980 For the purpose of regulating testing, distribution, offering for sale and sale of
981 cannabis, the Licensing Authority, in its sole discretion, may issue and grant to
982 the Applicant a local license from any of the following classes, and the City
983 hereby authorizes issuance of the licenses of the following classes by the state
984 licensing authority in locations in the City, subject to the provisions in this
985 Chapter:

986 5.13.025 Requirements of Issuance of a License.

987 The Authority shall not issue a cannabis business license except when each of
988 the following requirements have been met:

- 989 (a) The City Manager approved the Applicant's initial application; and,
990 (b) The Hearing Officer found the approved initial application to be complete
991 and after a public hearing referred the initial application to the randomized
992 selection process for possible selection for licensure for a license
993 authorized by this Chapter;
994 (c) If there was a randomized selection process, the initial Application was
995 selected for licensure in that process; and,
996 (d) The Applicant submitted all documents to the Authority that it provided to
997 the State for cannabis business licensure; and,
998 (e) The Applicant submitted *Findings of Suitability* application; and,

Commented [JS2]: Will work with prohibited list in 5.13.032

999 (f) At the time of issuance of a License the Applicant has paid all fees and has
1000 or will have within 6 months of licensure a certificate of occupancy;

1001 (g) The Applicant and the Applicant's owner(s) and financier(s) are in
1002 compliance with all federal, state and local tax laws; and,

1003 (h) The Applicant has registered with the Authority the name(s) of the
1004 manager(s) of the cannabis business, and has provided to the Authority the
1005 names of all persons having 10% financial and/or ownership interest, in the
1006 cannabis business that is subject of the Application or, if the Applicant is
1007 an Entity, having a financial interest in the Entity together with the following:

- 1008 1. Name, address, date of birth;
- 1009
- 1010 2. Acknowledgment and consent that the City may conduct a
1011 background investigation, including a criminal history check, and the
1012 City will be entitled to full and complete disclosure of all financial
1013 records of the regulated cannabis business and of any or all financial
1014 interests thereof, including records of deposit, withdrawals, balances
1015 and loans;
- 1016
- 1017 3. If the Applicant is an Entity, information regarding the Entity,
1018 including without limitation, the name and address of the Entity, its
1019 legal status, and proof of registration with, or a certificate of good
1020 standing from, the Colorado Secretary of State, as applicable;
- 1021
- 1022 4. If the Applicant is not the owner of the proposed licensed premises, a
1023 notarized statement from the owner of such property authorizing the
1024 use of the property for a cannabis business and specifying the type of
1025 regulated cannabis business(es) permitted;
- 1026
- 1027 5. A copy of the deed reflecting the Applicant's ownership of, or the
1028 lease or contract reflecting the legal right of the Applicant to possess
1029 the proposed licensed premises for no less than four years;
- 1030
- 1031 6. Evidence of a valid City and state sales tax license for the business;
- 1032
- 1033 7. Proof of insurance as provided by § 5.13.035 of this Chapter;
- 1034
- 1035 8. A zoning and buffering verification as described by this Chapter;
- 1036
- 1037 9. An operating plan;
- 1038

Commented [DM3]: May consider extenuating circumstance for extension beyond 6 months.

- 1039
1040
1041
1042
1043
1044
1045
1046
1047
1048
1049
1050
1051
1052
1053
1054
1055
1056
1057
1058
1059
1060
1061
1062
1063
1064
1065
1066
1067
1068
1069
1070
1071
1072
1073
1074
1075
1076
1077
1078
1079
10. A security plan indicating how the Applicant will comply with the requirements set forth in the Colorado Marijuana Code, this Chapter, and any other applicable law, rule, or regulations pursuant thereto. The security plan includes specialized details of security arrangements and will be protected from disclosure as provided under the Colorado Open Records Act § 24-72-203(2)(a)(VIII), C.R.S. If the City finds that such documents are subject to inspection, it will provide notice to the Applicant as provided by the Colorado Open Records Act.
 11. A plan for preventing underage persons from entering the premises.
 12. If drive thru cannabis service is contemplated, a description of security measures to prevent and address diversion of cannabis to youth and potential criminal behavior and is required a zoning/land use permit. See 5.13.038.
 13. A plan for disposal of any regulated cannabis that is not sold in a manner that protects any portion thereof from being possessed or ingested by any person or animal.
 14. A plan for ventilation of the regulated cannabis business that describes the ventilation systems that will be used to prevent unreasonable odor of cannabis off the premises of the business;
 15. Disclosure of the Applicant's financial interests, including individuals and/or entities.
 16. A Licensee shall report each and every change of financial interest in the License and/or the Licensee to the Authority prior to any such change pursuant to and in accordance with the provisions of law and the Colorado Marijuana Rules. A report shall be required for transfers of capital stock of any corporation regardless the size, for transfers of member interests of any limited liability company regardless of the size, and for any transfer of an interest in a partnership or other entity or association regardless of size;
 17. Any supplemental materials required to be provided by the State in order to receive a State-issued cannabis business license pursuant to the Colorado Marijuana Code and rules adopted pursuant thereto; and,

1080 18. Any supplemental materials to comply with City laws and any
1081 additional information that the Authority reasonably determines to be
1082 necessary in connection with the investigation and review of the
1083 Application.
1084

1085 (i) A written statement disclosing if the named owner(s), member(s),
1086 manager(s), Financer(s), agent(s), or person(s) named on the Application
1087 has(have) been:
1088

1089 1. Denied an application for a cannabis business license pursuant to this
1090 Chapter, or any state or local licensing law, rule, or regulation, or had
1091 such a license suspended or revoked.
1092

1093 2. Denied an application for liquor license pursuant to Title 44, Article 47
1094 or Article 46, C.R.S. or any similar state or local licensing law, or had
1095 such a license suspended or revoked.
1096

1097 3. In the event an owner, member, agent, manager, financier, or other
1098 person named on the Application contains information regarding
1099 violations of any law or previous denial or revocation of a license, that
1100 person must include with the Application any information regarding
1101 such violation(s), denial, or revocation. Such information must
1102 include, but is not limited to, a statement of the violation(s) and
1103 penalty(ies) for such violation(s), evidence of rehabilitation, character
1104 references, and educational achievements, and other regulatory
1105 licenses held without compliance violations, especially those items
1106 pertaining to the period of time between the Applicant's last violation
1107 of any law and the date of the application.
1108

1109 4. The City may, prior to issuance of the certificate of occupancy for the
1110 cannabis business, perform an inspection of the proposed licensed
1111 premises to determine compliance with any applicable requirements
1112 of this Chapter or other provisions of this Code, the International Fire
1113 Code or the International Building Code.
1114

1115 5.13.026 Fees.

1116 (a) A nonrefundable Application Fee shall be paid to the state upon
1117 application to the state for a cannabis business license.

1118 (b) The Application Fee shall be paid to the City at the time of application for
1119 a cannabis business license. At the discretion of the City, a portion of the
1120 license fee may be refunded if an application is withdrawn by the

1121 Applicant, denied by the City Manager or Hearing Officer, or the Applicant
1122 is not selected in the randomized selection process for issuance of a
1123 cannabis business license. A request for a refund must be made in
1124 writing by the Applicant to the City Manager within 30 days of the date of
1125 the withdrawal, denial of the application or failure of the license to be
1126 selected in the randomized selection process for issuance of a cannabis
1127 business license.

1128 (c) Renewal, change of location, inspection and all other fees may be
1129 imposed as necessary for the administration, regulation and
1130 implementation of this Code shall be set by City Council resolution.

1131 (d) License and application fees shall be set City Council resolution, and, as
1132 deemed necessary, adjusted to reflect the direct and indirect costs
1133 incurred by the City in connection with the adoption, administration, and
1134 enforcement of this Code.

1135 (e) In addition to fees and any other monetary remedy provided by this Code,
1136 the City shall have the right to recover all sums due and owing hereunder
1137 by any civil remedy available at law.

1138 **5.13.028 No vested rights; commencement of operations.**

1139
1140 (a) Notwithstanding anything contained in this Chapter, an application
1141 initially approved for consideration of licensure and found to be
1142 complete by the Hearing Officer, or in the event a license is issued,
1143 creates no vested right(s) to the License or the renewal of a License,
1144 and no property right in the License or the renewal of a License is
1145 created.
1146

1147 (b) In the event that a cannabis business does not commence operations
1148 within 180 days of issuance of a certificate of occupancy for the
1149 regulated cannabis business from the City, the license shall be deemed
1150 forfeited and the business may not commence operation.
1151

1152 (c) It shall be unlawful for the owner of a building to allow the use of any
1153 portion of the building by a cannabis business unless the tenant has a
1154 valid regulated cannabis business license or has applied for one and
1155 been awarded a regulated cannabis business license or no cannabis is
1156 located on the premises until a license has been issued by the City. In
1157 the event that the City has an articulable reason to believe that a
1158 regulated cannabis business is being operated in a building, it shall be
1159 unlawful for the owner of the building to refuse to allow the City access

1160 to the portion of the building in which the suspected cannabis business
1161 is located to determine whether any cannabis is on the premises.

1162
1163 **5.13.029 Transfer.**

1164
1165 (a) A cannabis business license is not transferrable or assignable, in whole or
1166 in part, including, without limitation, to a different premise or to a different
1167 type of business. A regulated cannabis business license is valid only for the
1168 owner named thereon, the type of business disclosed on the application for
1169 the License(s), and the location for which the license is issued. The
1170 Licensee(s) of a regulated cannabis business are only those persons
1171 disclosed in the Application or subsequently disclosed to the City in
1172 accordance with this Chapter.

1173 (b) Transfer of ownership of any interest of the Licensee may not occur within
1174 three years of issuance of the license by the City.

1175 (c) Transfer of ownership of any regulated cannabis business license issued
1176 pursuant to this Chapter shall be governed by the standards and procedures
1177 set forth in the Colorado Marijuana Code and any regulations adopted
1178 pursuant thereto and the Authority shall administer transfers of local
1179 licenses in the same manner as the state licensing authority administers
1180 transfers of state licenses. The public hearing requirement set forth in §
1181 5.13.031 of this Chapter shall apply to all applications for transfer of
1182 ownership of any regulated cannabis license.

1183 (d) In determining whether to permit a transfer of ownership, the Authority may
1184 consider the requirements of law and the Colorado Marijuana Rules. No
1185 application for transfer of ownership will be considered by the Authority if,
1186 at the time of such application, the Licensee is under a notice of violation or
1187 other unlawful acts issued by either the Authority or the state licensing
1188 authority.

1189 (e) The submission or pendency of an application for transfer of ownership
1190 does not relieve the Licensee from the obligation to properly apply to renew
1191 such License.

1192 (f) No owner may apply for a transfer of ownership of any regulated cannabis
1193 business license issued pursuant to this Chapter if the transferee is an
1194 owner of or an affiliate of any other business entity holding another
1195 regulated cannabis license in the City.

1196 **5.13.030 Change in corporate structure.**

1197 (a) A change of corporate structure of any regulated cannabis business that
1198 results in any of the change(s) in subsections 1 through 3 below shall

1199 require the filing of an application and payment of the requisite fees and
1200 shall be subject to all requirements of the licensing process. A change of
1201 corporate structure shall be heard and approved or denied by the Authority.

1202 1. Any transfer or assignment of ten percent or more of the capital
1203 stock of any corporation, or ten percent or more of the ownership
1204 interests of any limited partnership interest in any year, or transfer
1205 of a controlling interest regardless of size.

1206 2. Any change of officer or directors of a corporation that involves the
1207 addition or substitution of individual(s) who was not previously an
1208 officer or director of the corporation during a period of time that the
1209 corporation held the license.

1210 3. Any transfer of the capital stock of any corporation, or transfer of
1211 any limited partnership interest in any general partnership of a
1212 limited partnership, or transfer of any limited liability company
1213 interest in a limited liability company of any kind, joint venture or
1214 business entity that results in any individual owning more than ten
1215 percent of an ownership interest in the business entity if that
1216 individual's ownership interest did not exceed ten percent prior to
1217 the transfer.

1218 (b) A change of corporate structure that results in any transfer or assignment
1219 of less than ten percent of the capital stock of any corporation or less than ten
1220 percent of the ownership interests of any limited partnership interest in any
1221 year to a person who currently has an interest in the business, and that does
1222 not result in a change of controlling interest, shall not require an application
1223 for change of corporate structure.

1224 (c) No application for transfer of ownership or change in corporate structure
1225 may be approved by the Authority until all City and state occupational taxes,
1226 City and state sales and use taxes, excise taxes, any fines, penalties, and
1227 interest assessed against or imposed upon such Licensee in relation to
1228 operation of the licensed business are paid in full.

1229 (d) A Licensee shall report each and every change of financial interest in the
1230 license and/or the Licensee to the Authority prior to any such change pursuant
1231 to and in accordance with the provisions of law and the Colorado Marijuana
1232 Rules. A report shall be required for transfers of capital stock of any
1233 corporation regardless the size, for transfers of member interests of any limited
1234 liability company regardless of the size, and for any transfer of an interest in a
1235 partnership or other entity or association regardless of size.

1236 (e) No owner may apply for a change in corporate structure of any regulated
1237 cannabis business licensed entity issued pursuant to this Chapter if the

1238 change adds any person or entity as an owner, officer or member of the
1239 corporation or entity as an affiliate of any other business entity holding
1240 another regulated cannabis license in the City.

1241 **5.13.031 Public hearing and Notice Requirements.**

1242
1243 (a) The public hearing procedure shall apply to any Application that has been
1244 first approved by the City Manager for any regulated cannabis business and
1245 to any application for licensing renewal if the renewal application is referred
1246 to the Licensing Authority by the City Manager pursuant to § 5.13.045 of this
1247 Chapter.

1248 (b) Public notice of the application shall be given as follows:

1249 1. Posting a sign by the applicant on the premises for which an
1250 application has been made, not less than 14 days prior to the public
1251 hearing, stating the date of the application, the date of the hearing, the
1252 name and address of the applicant and such information as may be
1253 required to fully apprise the public of the nature of the application. The
1254 City Clerk shall provide the sign to the applicant for posting. If the
1255 building in which the regulated cannabis business is to be located is in
1256 existence at the time of the application, any sign posted shall be placed
1257 so as to be conspicuous and plainly visible to the general public.

1258
1259 2. Publication of notice by the City Manager not less than 14 days prior to
1260 the public hearing, in the same manner as the City posts notice of other
1261 public hearing matters.

1262 (c) Any decision of the Authority approving or denying an application
1263 shall be in writing stating the reasons therefor and the City Manager shall
1264 send a copy of such decision by certified mail to the Applicant at the
1265 address shown in the Application and to the State licensing authority.
1266

1267 **5.13.032 Licenses and permits prohibited.**

1268 The following regulated cannabis licenses and permits, as defined in C.R.S. 44-
1269 10-103 as amended, shall be prohibited in the City:

1270 (a) Cannabis Products Manufacturing and Cultivation Licenses,

1271
1272 (b) Cannabis Hospitality and Sales Licenses,

1273
1274 (c) Cannabis Transporter Licenses,
1275

Commented [J54]: See also 5.13.024

1276 (d) Cannabis Business Operator Licenses,
1277

1278 (e) Cannabis Cultivator Licenses,
1279

1280 (f) Cannabis Accelerator Licenses.
1281

1282 5.13.033 Persons prohibited as Licensees.

1283 (a) No license shall be issued to, held by or renewed by any of the following:

1284 1. Any person until the annual fee for the license has been paid;

1285 2. Any natural person who is not of good moral character;

1286 3. Any entity of whose officers, directors, stockholders, or managing
1287 members are not of good moral character;

1288 4. Any person employing, assisted by, or financed in whole or in part
1289 by any other person who is not of good moral character;

1290 5. Any natural person who has been released within five years
1291 immediately preceding the application from any form of
1292 incarceration or court-ordered supervision, including a deferred
1293 sentence, resulting from a conviction of any felony or any crime
1294 under the laws of the State would be a felony; or any crime of which
1295 fraud or intent to defraud element, whether in the State or
1296 elsewhere; or any felonious crime of violence, whether in the State
1297 or elsewhere;

1298 6. Any person with ten percent (10%) or greater financial interest in
1299 the entity that has been convicted of any of the offenses set forth
1300 in (1) above;

1301 7. Any Applicant who has made a false, misleading or fraudulent
1302 statement or who has intentionally omitted pertinent information
1303 on his or her application for a license;

1304 8. Any natural person who is under 21 years of age;

1305 9. Any person who operates or manages a regulated cannabis
1306 business contrary to the provisions of this Chapter, any other
1307 applicable law, rule, or regulation or conditions imposed on land
1308 use or license approvals, or contrary to the terms of the plans
1309 submitted with the license application or has operated a business
1310 in violation of any law;

- 1311 10. Any person applying for a license to operate a regulated cannabis
1312 business who has been licensed to operate another regulated
1313 cannabis business in the City pursuant to this Chapter;
- 1314 11. A person licensed pursuant to this Chapter who, during a period
1315 of licensure, or who, at the time of application, has failed to remedy
1316 an outstanding delinquency for taxes owed, or an outstanding
1317 delinquency for judgments owed to a government;
- 1318 12. A sheriff, deputy, police officer, prosecuting officer, or an officer
1319 or employee of the state or Authority; and,
- 1320 13. A person whose authority to be a primary caregiver as defined in
1321 § 25-1.5-106(2), C.R.S., has been revoked by the state health
1322 agency.
- 1323 14. No owner of any business applying for a license or in possession
1324 of a license within the City may apply for or be an owner of or be
1325 an affiliate of any other business entity applying for another license
1326 within the City.
- 1327 (b) In making an evaluation of the good moral character of an individual
1328 identified on an application or amendment thereof, the Authority shall
1329 consider the following:
- 1330 1. An Applicant's violation of law shall not, by itself, be grounds for
1331 denying an application;
- 1332 2. Verification of or lack of ability to verify items disclosed by the
1333 Applicant;
- 1334 3. When a person has a history of violation of any law or a history
1335 including denial, revocation, or suspension of a license, the types
1336 and dates of violations; the evidence of rehabilitation, if any,
1337 submitted by the individual; whether the violations of any laws are
1338 related to moral turpitude, substance abuse, or other violations of
1339 any laws that may directly affect the individual's ability to operate
1340 a regulated cannabis business; or whether the violations of any law
1341 are unrelated to the individual's ability to operate such a business;
- 1342 4. The evidence or lack of evidence regarding the ability of the
1343 individual to refrain from being under the influence of intoxicating
1344 or controlled substances while performing regular tasks and
1345 operating a regulated cannabis business;
- 1346 5. Rules adopted by the Authority to implement this Chapter;

1347 6. Law, rules, and regulations applicable to evaluation of other types
1348 of licenses issued by the City that consider the good moral
1349 character of the Applicant; and,

1350 7. Any additional information the Authority may request of the
1351 Applicant if the Applicant has a violation of any laws, an
1352 administrative or judicial finding of violation of laws regarding use
1353 of alcohol or controlled substances or items disclosed by the
1354 individual which require additional information in order for the
1355 manager to make a determination regarding issuance of the
1356 license.

1357 5.13.034 Security requirements.

Commented [J55]: confirm with GJPD

1358 Security measures at all licensed premises shall comply with the requirements of
1359 the Colorado Marijuana Code and applicable rules and regulations promulgated
1360 thereunder. In addition, thereto, the following security practice are required:

1361 (a) A security plan submitted with the Application, as it may be amended, shall
1362 provide equipment, which shall be in good working order, monitored, and
1363 secured 24 hours per day. The plan, at a minimum, shall include:

1364 1. The installation and use of security cameras to monitor and record all
1365 areas of the premises (except restrooms), and where persons may
1366 gain or attempt to gain access to cannabis or cash maintained by the
1367 regulated cannabis business. Cameras shall record operations of the
1368 business to the off-site location, as well as all potential areas of
1369 ingress or egress to the business with sufficient detail to identify facial
1370 features and clothing. Recordings from security cameras shall be
1371 maintained for a minimum of 40 days in a secure offsite location in the
1372 City or through a service over a network that provides on-demand
1373 access, commonly referred to as a "cloud". The offsite location shall
1374 be included in the security plan submitted to the City and provided to
1375 the Grand Junction Police Department and updated within 72 hours of
1376 any change of such location.

1377 2. The installation and use of a safe for storage and any processed
1378 cannabis and cash on the premises when the business is closed to
1379 the public. The safe, as defined in 5.13.013, shall be incorporated into
1380 the building structure or securely attached thereto.

1381 3. The installation and use of an alarm system that is monitored by a
1382 company that is staffed 24 hours a day, seven days a week. The
1383 security plan submitted to the City shall identify the company
1384 monitoring the alarm, including contact information, and updated
1385 within 72 hours of any change of monitoring company. If the alarm

1386 system includes a panic alarm, an operable dedicated phone for law
1387 enforcement to respond to the alarm shall remain on the premises at
1388 all times.

1389 4. The installation and use of outdoor lighting and a diagram and
1390 description of where the lighting shall be placed in accordance with
1391 the GJMC.

1392 (b) The security plan shall be designed to:

1393 1. Prevent the use of cannabis on the licensed premises;

1394 2. Prevent unauthorized individuals from entering the limited access
1395 area portion of the licensed premises;

1396 3. Prevent theft or the diversion of cannabis, including maintaining all
1397 cannabis in a secure, locked room that is accessible only to
1398 authorized persons and, when the business is closed to the public, in
1399 a safe or vault or equivalent secured fixture.

1400 5.13.035 Insurance.

1401 (a) All Applicants must provide at time of application a quote for insurance for
1402 worker's compensation as required by state law and general liability
1403 insurance with minimum limits of \$1,000,000 per occurrence and a
1404 \$2,000,000 aggregate limit.

1405 (b) Licensee shall at all times maintain in force and effect worker's
1406 compensation insurance as required by state law and general liability
1407 insurance with minimum limits of \$1,000,000 per occurrence and a
1408 \$2,000,000 aggregate limit.

1409 (c) Insurance shall:

1410 1. Provide primary coverage;

1411 2. Carry limits as provided in this Chapter;

1412 3. Issue from a company licensed to do business in Colorado having an AM
1413 Best rating of at least A-VI; and,

1414 4. Be procured and maintained in full force and effect for duration of the
1415 License.

1416 (d) Licensee shall be required to maintain insurance under this section and shall
1417 annually provide the City a certificate of insurance evidencing the existence
1418 of a valid and effective policy. The certificate shall show the following:

1419 1. The limits of each policy, the name of the insurer, the effective date and
1420 expiration date of each policy, the policy number, and the names of the
1421 additional insureds; and,

1422 2. A statement that Licensee shall notify the City of any cancellation or
1423 reduction in coverage within seven days of receipt of insurer's
1424 notification to that effect. The Licensee shall forthwith obtain and submit
1425 proof of substitute insurance in the event of expiration or cancellation of
1426 coverage within 30 days.

1427 5.13.036 Report requirements.

1428 A cannabis business shall report to the City Manager each of the following within
1429 the time specified. If no time is specified, the report shall be provided within 72
1430 hours of the event:

1431 (a) Transfer or change of financial interest, manager or Financier in the license
1432 to the City at least 30 days before the transfer or change;

1433 (b) Sales and taxable transactions and file sales and use tax reports to the City
1434 monthly;

1435 (c) Any violation of law by any Licensee, Applicant, or employee of a regulated
1436 cannabis business;

1437 (d) A notice of potential violation of any law to any license;

1438 (e) Upon City request, any report that the regulated cannabis business is
1439 required to provide to the State; and;

1440 (f) Licensee and any agent, manager or employee thereof shall immediately
1441 report to the Grand Junction Police Department any disorderly act, conduct
1442 or disturbance and any unlawful activity committed in or on the licensed
1443 premises, including, but not limited to, any unlawful sale of regulated
1444 cannabis, and shall also immediately report any such activity of which the
1445 Licensee has knowledge in the immediate vicinity of the business within
1446 twelve hours of the occurrence.

1447 (g) Each Licensee shall post and keep at all times visible to the public in a
1448 conspicuous place on the premises a sign with a minimum height of 14
1449 inches and a minimum width of 11 inches with each letter to be minimum of
1450 one-half inch in height, which shall read as follows:

1451

WARNING:

1452
1453
1454
1455

Grand Junction Police Department shall be notified of any disorderly act(s), conduct or disturbance(s) and all unlawful activity(ies) which occur on or within the premises of this licensed establishment.

1456
1457
1458
1459

(h) It shall not be a defense to a prosecution of a License under this section that the Licensee was not personally present on the premises at the time such unlawful activity, disorderly act, conduct, or disturbance was committed.

1460
1461
1462

(i) Failure to comply with the requirements of this section shall be considered by the Authority in any action relating to the issuance, revocation, suspension or nonrenewal of a license.

1463

5.13.037 Public health and labeling requirements.

1464
1465
1466
1467

(a) All regulated cannabis sold or otherwise distributed by the Licensee shall be labeled in a manner that complies with the requirements of the Colorado Marijuana Code and all applicable rules and regulations promulgated thereunder.

1468
1469
1470
1471
1472
1473
1474

(b) All regulated cannabis sold or otherwise distributed by the Licensee shall be packaged and labeled in a manner that advises the purchaser that it contains cannabis and specifies the amount of cannabis in the product, that the cannabis is intended for regulated use solely by the person to whom it is sold, and that any resale or redistribution of the regulated cannabis to a third person is prohibited. In addition, the label shall comply with all applicable requirements of the State of Colorado and any other applicable law.

1475
1476

(c) The product shall be packaged in a sealed container that cannot be opened without obvious damage to the packaging.

1477

5.13.038 Cannabis sales; walk-up and drive thru.

1478
1479
1480
1481

(a) Regulated cannabis stores licensed may serve customers through drive-up window as permitted by the City and the State. If a licensed business intends to permit a walk-up and/or drive-thru sales, this must be included in the business plan submitted to the City in the application process.

1482

(b) Order and identification requirements.

1483
1484

1. Prior to transferring cannabis to a customer, the regulated cannabis business must ensure that the consumer is 21 years of age or older by

- 1485 inspecting the consumer's identification in the same manner as
1486 described in § 5.13.041(f).
- 1487 2. Regulated cannabis stores may accept telephone or online orders or
1488 may accept orders from the consumer at the walk-up window or drive-up
1489 window, to the extent allowed under state law.
- 1490 3. All orders received through a walk-up window or drive-thru window must
1491 be placed by the customer from a menu. The regulated cannabis store
1492 may not display cannabis at the walk-up or drive-thru window.
- 1493 4. Delivery windows for walk-up sales must be at a separate location on the
1494 premises than those for drive-thru sales.
- 1495 5. For every transfer of regulated cannabis through either a walk-up
1496 window or drive-up window, the regulated cannabis store video
1497 surveillance must record the consumer's facial features with sufficient
1498 clarity to establish their identity (and consumer's vehicle in the event of
1499 drive-up window) and must record the Licensee verifying the consumer's
1500 identification and completion of the transaction through the transfer of
1501 regulated cannabis.

1502

1503

1504

1505 5.13.039 Prohibited acts. It shall be unlawful:

- 1506 (a) For any person to sell cannabis or cannabis products without valid
1507 regulated cannabis business licenses from the City and a valid regulated
1508 cannabis business license from the State;
- 1509
1510 (b) at a licensed regulated cannabis store any time not permitted by this Code;
1511 For any person to operate a regulated cannabis business
- 1512 (c) For any person to sell or distribute cannabis to persons under the age of
1513 21;
- 1514 (d) For any person under 21 years of age to be on or within the limited access
1515 area of any cannabis business;

- 1516 (e) For any person to display, transfer, cultivate, distribute, transfer, serve,
1517 sell, give away, produce, dispose of, smoke, use, or ingest cannabis or any
1518 cannabis openly or publicly in a place open to the general public;
- 1519 (f) For any person to possess or operate a cannabis business in violation of
1520 this Chapter or in a manner that is not consistent with the items disclosed
1521 in the application for the cannabis business or be in violation of any plan
1522 made part of the License Application and/or License;
- 1523 (g) For any person to produce, distribute, or possess more cannabis than
1524 allowed by law, or than disclosed in the application to the State of Colorado
1525 and the Authority for a cannabis business license, or other applicable law;
- 1526 (h) For any person to refuse or fail to provide video surveillance footage to the
1527 Grand Junction Police Department, the City Manager, the City Attorney, or
1528 the Authority in connection with a criminal and/or license violation
1529 investigation, or to refuse to allow inspection of a cannabis business.
1530
- 1531 (i) For any person to refuse to allow inspection of a regulated cannabis
1532 business upon request of a City employee. Any Licensee, owner, manager,
1533 or operator of a regulated cannabis business, or the owner of the property
1534 where a regulated cannabis business is located, may be charged with this
1535 violation;
- 1536 (j) For any person to store or keep cannabis intended for sale or distribution
1537 by the Licensee in any place outside of the licensed premises;
- 1538 (k) For any person to smoke, use, or ingest on the premises of a regulated
1539 cannabis business cannabis, fermented malt beverage, malt, vinous, and
1540 spirituous liquor or any controlled substance(s), except in compliance
1541 with the directions on a legal prescription for the person from a doctor
1542 with prescription writing privileges;
- 1543 (l) For any person to operate or be in physical control of any cannabis
1544 business while under the influence of alcohol or other intoxicant, or
1545 cannabis, or any controlled substance(s), except in compliance with the
1546 directions on a legal prescription for the person from a doctor with
1547 prescription writing privileges;
- 1548 (m) For alcohol beverages to be on the licensed premises;
- 1549 (n) For any person to purchase cannabis in the City from any person not
1550 properly licensed to sell cannabis;
- 1551 (o) For any person to possess or operate a regulated cannabis business in
1552 violation of this Chapter;

- 1553 (p) For any person to produce, distribute, or possess more cannabis than
1554 allowed by law; or than disclosed in the application to the State of Colorado
1555 for a regulated cannabis business license, or other applicable law;
- 1556 (q) For any person to give away, dispense, or otherwise distribute cannabis for
1557 free or without use of a coupon approved and defined by this Code;
- 1558 (r) For any person to knowingly conduct or permit any employee to conduct
1559 any sale(s) transaction(s) when the video surveillance system or equipment
1560 is inoperable;
- 1561 (s) For any person to distribute cannabis for remuneration without a regulated
1562 cannabis license or outside of the restricted area of the regulated cannabis
1563 business;
- 1564 (t) For any person to possess regulated cannabis, or own or manage a
1565 regulated cannabis business, or own or manage a building with a regulated
1566 cannabis business, where there is possession of regulated cannabis, by a
1567 person who is not lawfully permitted to possess regulated cannabis;
- 1568 (u) For any person to possess or operate a regulated cannabis business in a
1569 location for which a regulated cannabis business license is prohibited by
1570 law;
- 1571 (v) For any person to operate a regulated cannabis business in a manner that
1572 is not consistent with the Application for the regulated cannabis business
1573 or is in violation of any plan made part of the license application/issued
1574 license;
- 1575 (w) For any person to operate a regulated cannabis business without obtaining
1576 and passing all building inspections and obtaining all permits required by
1577 the City;
- 1578 (x) For any person to operate a regulated cannabis business in violation of any
1579 building, fire, zoning, plumbing, electrical, or mechanical code(s) as
1580 adopted and amended by the City;
- 1581 (y) For any person to operate a regulated cannabis business without
1582 disclosing, in the application for a regulated cannabis business license or
1583 an amendment thereto, an agent who either (i) acts with managerial
1584 authority, (ii) provides advise to the regulated cannabis business for
1585 compensation, or (iii) receives periodic compensation totaling \$1,000 or
1586 more in a single year for services related to the regulated cannabis
1587 business. It shall be an affirmative defense that the undisclosed person
1588 was an attorney, accountant, bookkeeper, or mail delivery person;

- 1589 (z) For any person to operate a regulated cannabis business without a sales
1590 tax license as required by the GJMC;
- 1591 (aa) For any person to make any change(s), or for the Licensee to allow any
1592 change(s), to the terms of any plan(s) submitted with the license
1593 application and approved by the City, or the person(s) entity(ies) named in
1594 the application, without prior approval of the City;
- 1595 (bb) For any person to attempt to use or display a regulated cannabis business
1596 license at a different location or for a different business entity than the
1597 location and business entity disclosed on the application for the issued
1598 license;
- 1599 (cc) For any person to cultivate, produce, distribute or possess regulated
1600 cannabis or own or manage a regulated cannabis business in which
1601 another person cultivates, produces, distributes, or possesses cannabis,
1602 in violation of law;
- 1603 (dd) For any person to allow an owner or manager that has not been disclosed
1604 to the City as required by law to operate the business;
- 1605 (ee) For any person to dispose of regulated cannabis or any by-product of
1606 regulated cannabis containing cannabis in a manner contrary to law;
- 1607 (ff) For a person to distribute a regulated cannabis plant to any person, except
1608 as permitted by law for immature plants;
- 1609 (gg) For any person to deliver regulated cannabis between regulated cannabis
1610 businesses except in strict compliance with law;
- 1611 (hh) For any person to advertise or publish materials, honor coupons, sell
1612 or give away products, or display signs that are in violation of this Code or
1613 the laws of the State of Colorado;
- 1614 (ii) For any person to violate any provision of this Code or any condition of a
1615 license granted pursuant to this Code or any law, rule, or regulation
1616 applicable to the use of regulated cannabis or the operation of a regulated
1617 cannabis business;
- 1618 (jj) For any person to permit any other person to violate any provision of this
1619 Code or any condition of an approval granted pursuant to this Code, or any
1620 law, rule, or regulation applicable to the use of regulated cannabis or the
1621 operation of a regulated cannabis business;

- 1622 (kk) For any person to lease any property to a regulated cannabis business that
 1623 has cannabis on the property without a regulated cannabis business license
 1624 from the City;
- 1625 (ll) For any person to distribute cannabis within a regulated cannabis business
 1626 to any person who shows visible signs of intoxication from alcohol,
 1627 cannabis, or other drug(s)/intoxicant(s);
- 1628 (mm) For any person to be on or within the licensed premises if such person is
 1629 under 21 years of age;
- 1630 (nn) For any person to permit any person under 21 years of age on the premises
 1631 of the regulated cannabis business; it is presumed that the Licensee is
 1632 aware of the age of all people on the premises if identification is not
 1633 specifically checked at the entry to the building;
- 1634 (oo) For any person to fail to confiscate fraudulent proof of age and notify the
 1635 Grand Junction Police Department. It shall be an affirmative defense to
 1636 failure to confiscate the fraudulent proof of age if an attempt to confiscate
 1637 a fraudulent proof of age caused a reasonable person to believe the act
 1638 created a threat to any person;
- 1639 (pp) For any person to fail to provide a copy or record of a coupon issued by or
 1640 redeemed at the regulated cannabis business upon request of an authorized
 1641 City employee;
- 1642 (qq) For any licensee or any manager, agent or employee of such licensee to fail
 1643 to immediately report to the Grand Junction Police Department and the
 1644 Authority any disturbance(s), disorderly conduct or criminal activity
 1645 occurring at the regulated cannabis business, on the licensed premises,
 1646 within the licensed premises, or any property under the control or
 1647 management of the Licensee, including any associated contiguous parking
 1648 area used by Licensee's patrons. For the purpose of this subsection,
 1649 "report" means to either:
- 1650 1. Immediately, verbally, and directly in person notify any on-site
 1651 uniformed Grand Junction Police Officer whether on duty or
 1652 working secondary employment; or
 - 1653 2. Immediately place and complete a telephone call to the non-
 1654 emergency line at the Grand Junction Police Department; or
 - 1655 3. Immediately place and complete a telephone call to the
 1656 emergency line at the Grand Junction Police Department.

1657 (rr) For any person to fail to post the premises with signs notifying the public of
1658 the closure of the business during a suspension as required by this Chapter;

1659 (ss) For any licensee holding a regulated cannabis store license, or for any agent,
1660 manager or employee thereof, to sell, give, dispense or otherwise distribute
1661 cannabis or regulated cannabis paraphernalia from any outdoor location;

1662 (tt) For any person to employ a business manager that has not been properly
1663 registered with the City; and,

1664 (uu) For any person to operate or possess a regulated cannabis business license
1665 in violation of any ordinance or regulation of the City, or any applicable law,
1666 rule or regulation.

1667 Any person who pleads guilty or no contest to, or who, after hearing, is found to
1668 have violated any of the foregoing shall be subject to penalties pursuant to
1669 Chapter 1.04.080 and any penalties specifically referenced within the GJMC.

1670 5.13.040 Nonrenewal, suspension or revocation of license.

1671 (a) The term and renewal of the license shall be governed by the standards and
1672 procedures set forth in the Colorado Marijuana Code, the City's Code and
1673 any rules and regulations adopted pursuant thereto.

1674 (b) The Authority may, after notice and hearing, suspend, revoke or deny
1675 renewal of a license for any of the following reasons:

1676 1. The Applicant or licensee, or his or her agent, manager or employee,
1677 manager, or financier has violated, does not meet, or has failed to comply
1678 with, any of the terms, requirements, conditions, or provisions of this
1679 Code or with or with any applicable state or local law, rule or regulation;

1680 2. The Applicant or Licensee, or his or her agent, manager or employee, or
1681 financier has failed to comply with any special terms or conditions of its
1682 license pursuant to an order of the state or the Authority, including those
1683 terms and conditions that were established at the time of issuance of the
1684 license and those imposed as a result of any disciplinary
1685 proceeding(s)held subsequent to the issuance of the license;

1686 3. The regulated cannabis business has been operated, by a preponderance
1687 of the evidence, in a manner that adversely affects the public health,
1688 safety or welfare;

1689 4. Misrepresentation or omission of any material fact, or false or misleading
1690 information, on the application any amendment thereto, or renewal

- 1691 request, or any other information provided to the City related to the
1692 regulated cannabis business;
- 1693 5. Violation of any law by which, if occurring prior to and during submittal
1694 and review of the application, could have been cause for denial of the
1695 license application;
- 1696 6. Distribution of cannabis, including, without limitation, in violation of this
1697 Chapter or any other applicable law, rule, or regulation;
- 1698 7. Failure to maintain, or provide to the City upon request, any books,
1699 recordings, reports, or other records required by this Chapter;
- 1700 8. Failure of the Licensee to file any report(s), notification(s) or furnish any
1701 information as required by the provisions of this Chapter, or any rule or
1702 law adopted pursuant thereto relating to any license authorized by law;
- 1703 9. Failure to timely notify the City and to complete necessary form(s) for
1704 change(s) in financial interest, manager(s), financier, or agent;
- 1705 10. Temporary or permanent closure, or other sanction of the business, by
1706 the City, or by the County or State of Colorado or other governmental
1707 entity with jurisdiction, for failure to comply with health and safety
1708 provisions of this Chapter or otherwise applicable to the business or any
1709 other applicable law;
- 1710 11. Revocation or suspension of another regulated cannabis business or any
1711 other license issued by the City, the State, or any other jurisdiction held
1712 by any Licensee of the regulated cannabis business;
- 1713 12. Failure to timely correct any violation of any law or comply with any order
1714 to correct a violation of any law within the time stated in the notice or
1715 order;
- 1716 13. Abandonment of the licensed premises by the Licensee or otherwise
1717 ceasing of operations without notifying the Authority and the state
1718 licensing authority within 48 hours in advance and without accounting for
1719 and forfeiting to the state licensing authority for the destruction of all
1720 cannabis or products containing cannabis;
- 1721 14. Failure to comply with the provisions of the Colorado Marijuana Code, the
1722 City's Code, and any rule or regulation adopted pursuant thereto, or any
1723 special term or condition placed upon the Licensee by order of the
1724 Authority or State licensing authority.

- 1725 15. Violations of any conditions imposed in connection with the issuance or
1726 renewal of the license;
- 1727 16. Failure to pay all required fines, interest, costs, fees, or penalties
1728 assessed against or imposed upon such Licensee in relation to the
1729 licensed cannabis business;
- 1730 17. Failure to file tax returns when due as required by this Code, or the
1731 Licensee is overdue on his or her payment to the state or local taxes
1732 related to the operation of the business associated with the license;
- 1733 18. Loss of right of possession to the licensed premises;
- 1734 19. Failure of the licensee to comply with the duty to supplement the license
1735 application;
- 1736 20. Failure of the licensee to operate in accordance with any special term or
1737 condition placed upon a license by the Authority or the state licensing
1738 authority;
- 1739 21. The licensee, or any of agent(s) or employee(s) of the Licensee, have
1740 committed any unlawful act as described in this Chapter or violated any
1741 ordinance of the City or any state law on the premises or have permitted
1742 such a violation on the premises by any person;
- 1743 22. The licensee has knowingly permitted or encouraged, or has knowingly
1744 and unreasonably failed to prevent a public nuisance within the meaning
1745 of this Chapter from occurring or in or about the licensed premises;
- 1746 23. The odor of cannabis is perceptible to an ordinary person at the exterior
1747 of the building at the licensed premises or is perceptible within any space
1748 adjoining the licensed premises;
- 1749 24. The licensee knowingly permitted or allowed the consumption of
1750 cannabis on the licensed premise;
- 1751 25. The licensee knowingly permitted the possession or consumption of an
1752 alcohol beverage within the licensed premises. At any hearing for
1753 violation of this subsection, any bottle, can, or other container label
1754 indicating the contents of such bottle, can, or other container, shall be
1755 admissible into evidence and shall be prima facie evidence that the
1756 contents of the bottle, can, or other container was composed in whole or
1757 in part an alcohol beverage;
- 1758 26. The licensee has failed to appear upon a Municipal Court summons;

- 1759 27. The licensee, or any of the officer(s), director(s), owner(s), manager(s),
1760 agent(s), or employee(s) has(have) been convicted of a felony or drug
1761 related criminal offense within the previous 12 months;
- 1762 28. The licensee engaged in any form of business or commerce involving the
1763 cultivation, processing, manufacturing, storage, sale, distribution,
1764 transportation, testing, research or consumption of any form of cannabis
1765 or cannabis product other than the privileges granted under the regulated
1766 cannabis business license;
- 1767 29. The licensee has materially or substantially, changed, altered, or modified
1768 the licensed premises, or use of the licensed premises, without obtaining
1769 prior approval to make such changes, alterations, or modifications from
1770 the Authority;
- 1771 30. The licensee has failed to maintain a valid state license; and,
- 1772 31. The licensee, or any of the agent(s), servant(s) or employee(s) of the
1773 licensee has/have violated any ordinance of the City or any state or
1774 federal law on the premises or have permitted such a violation on the
1775 premises by any other person.
- 1776 (c) Evidence to support a finding of a violation(s) may include, without
1777 limitation, one or a combination of the following;
- 1778 1. A continuing pattern of disorderly conduct, disturbance(s) or criminal
1779 activity occurring at the location, on the licensed premises, within the
1780 licensed premises, or any adjoining grounds or property under the
1781 control or management of the licensee;
- 1782 2. An ongoing nuisance condition emanating from or caused by the
1783 regulated cannabis business.
- 1784 (d) In the event a business or Licensee is charged with violation of any law, upon
1785 which a final judgment would be grounds for suspension or revocation of a
1786 license, the City may suspend the license pending the resolution of the
1787 alleged violation.
- 1788 (e) If the City revokes or suspends a license, the regulated cannabis business
1789 may not move any cannabis from the premises except under the supervision
1790 of the Grand Junction Police Department.
- 1791 (f) The Authority shall conduct a review of all licenses at least annually and, in
1792 addition to examining the factors enumerated in this subsection, may hold a
1793 hearing on each license at which the general public may be invited to appear
1794 and provide testimony as to the effects of the license on the surrounding

1795 community and the City at large, and the Authority may take such views into
1796 consideration when deciding whether to continue or renew such license.

1797 (g) In the event of the suspension of a regulated cannabis business license,
1798 during the period of suspension, the business:

1799 1. Shall post two notices provided by the Authority, in conspicuous places,
1800 one on the exterior and one on the interior of its premises for the duration
1801 of the suspension; and

1802 2. Shall not sell or otherwise distribute or transport cannabis, nor allow any
1803 customers into the licensed premises.

1804 5.13.041 Operational Standards.

1805 All regulated cannabis businesses shall comply with the applicable state and
1806 local laws, rules and regulations, as amended. In addition, Licensees shall
1807 comply with the following local operational standards. Failure to comply with any
1808 State or local law, rule or regulation or any operational standard(s) may be
1809 grounds to suspend or revoke any license and impose civil penalties where
1810 applicable.

1811 (a) Odor management – ventilation required. For all cannabis businesses,
1812 ventilation shall be installed so that the odor of cannabis cannot be
1813 detected by a person with a normal sense of smell at the exterior of a
1814 regulated cannabis business or at any adjoining use or property.

1815 (b) Hours of operation. A regulated cannabis business shall be closed to the
1816 public, and no sale or other distribution of cannabis shall occur upon the
1817 premises between the hours of 12 a.m. and 8 a.m. Provided, however, in the
1818 event that a planned delivery of cannabis cannot be completed on the day
1819 scheduled, the cannabis may be returned to the business.

Commented [J56]: Hours of operation?

1820 (c) Display of licenses required. The name and contact information for the
1821 owner or owners and any manager of the regulated cannabis business, the
1822 regulated cannabis business license, and the sales tax business license
1823 shall be conspicuously posted inside the business near the main entrance.

1824 (d) Owner or manager required on premises. No regulated cannabis business
1825 shall be managed by any person other than the Licensee, or the manager
1826 listed on the application for the license or a renewal thereof. Such Licensee
1827 or manager shall be on the premises and responsible for all activities within
1828 the licensed business during all times when the business is open or in the
1829 possession of another person.

1830 5.13.042 Records.

1831 (a) Each Licensee shall keep a complete set of books of account, invoices,
1832 copies of orders and sales, shipping instructions, bills of lading, weigh
1833 bills, correspondence, bank statements, including cancelled checks and
1834 deposit slips, and all other records necessary to show fully the business
1835 transactions of such Licensee. Receipts shall be maintained in a
1836 computer program or by pre-numbered receipts and used for each sale.
1837 The records of the business shall clearly track regulated cannabis
1838 product inventory purchased and sales and disposal thereof to clearly
1839 track revenue from sales of any regulated cannabis from other
1840 paraphernalia or services offered by the regulated cannabis business.

1841 (b) All records shall be open at all times during business hours for the
1842 inspection and examination of the City or its duly authorized
1843 representatives.

1844 (c) The City shall require any Licensee to furnish such information as it
1845 considers necessary for the proper administration of this Chapter. The
1846 records shall clearly show the source, amount, price, and dates of all
1847 cannabis received or purchased, and the amount, price, dates, customer
1848 names, addresses, and contact information for all regulated cannabis
1849 sold.

1850 (d) By applying for a regulated cannabis business license, the Licensee is
1851 providing consent to disclose the information required by this Chapter,
1852 including information about customers. Any records provided by the
1853 Licensee that includes customer confidential information may be
1854 submitted in a manner that maintains the confidentiality of the documents
1855 under the Colorado Open Records Act, § 24-72-201, *et seq.*, C.R.S., or
1856 other applicable law. Any document that the Applicant considers eligible
1857 for protection under the Colorado Open Records Act shall be clearly
1858 marked as confidential, and the reasons for such confidentiality shall be
1859 stated on the document. In the event that the Licensee does appropriately
1860 submit documents so as not to be disclosed under the Colorado Open
1861 Records Act, the City shall not disclose it to other parties who are not
1862 agents of the City, except law enforcement agencies. If the City finds that
1863 such documents are subject to inspection, it will provide at least 24-hour
1864 notice to the Applicant prior to such disclosure.

1865 **5.13.043 Audits and inspection.**

1866 (a) The City may require an audit to be made of the books of account and
1867 records of a regulated cannabis business on such occasions as it may
1868 consider necessary. Such audit may be made by an auditor to be selected
1869 by the City that shall likewise have access to all books and records of the
1870 regulated cannabis business. The expense of any audit determined
1871 necessary by the City shall be paid by the regulated cannabis business.

1872 (b) Application for regulated cannabis business license or operation of a
1873 regulated cannabis business, or leasing property to a regulated cannabis
1874 business, constitutes consent by the Applicant, and all owners,
1875 managers, and employees of the business, and the owner of the property
1876 to permit the Authority or agent of the Authority, or anyone authorized to
1877 conduct routine inspections of the regulated cannabis business to
1878 ensure compliance with this Chapter or any other applicable law, rule, or
1879 regulation. The owner or manager on duty shall retrieve and provide the
1880 records of the business pertaining to the inspection. For purposes of
1881 Rule 241 of the Colorado Rules of Municipal Procedure, inspections of
1882 regulated cannabis businesses and recordings from security cameras in
1883 such businesses are part of the routine policy of inspection and
1884 enforcement of this Chapter for the purposes of protecting the public
1885 safety, individuals operating and using the services of the regulated
1886 cannabis business, and the adjoining properties and neighborhood. This
1887 section shall not limit any inspection authority authorized under any
1888 other provision of law or regulation, including those of police, fire,
1889 building, and code enforcement officials. Application for a regulated
1890 cannabis business license constitutes consent to inspection of the
1891 business as a public premises without a search warrant, and consent to
1892 seizure of any surveillance records, camera recordings, reports, or other
1893 materials required as a condition of a regulated cannabis license without
1894 a search warrant.

1895 (c) Initial inspection. The City may inspect any regulated cannabis
1896 businesses prior to final issuance of a license to verify that the facilities
1897 are constructed and can be operated in accordance with the Application
1898 submitted and the requirements of laws.

1899 (d) Regular inspections. The City is authorized to perform regular
1900 inspections on a quarterly basis during the first year following licensure,
1901 and on a yearly basis prior to license renewal following the first year of
1902 operation.

1903 (e) Random inspections. Regular licensing inspection(s) shall not prevent
1904 the City from inspecting regulated cannabis businesses at random
1905 intervals and without advance notice.

1906 (f) Inspection of records. The records to be maintained by each regulated
1907 cannabis business shall include the source and quantity of any cannabis
1908 distributed, produced, or possessed within the premises. Such reports
1909 shall include, without limitation, for both acquisitions from wholesalers
1910 and transactions to patients or caregivers, the following:

1911 1. Name and address of seller or purchaser;

1912 2. Date, weight, type of cannabis, and monetary amount or other
1913 consideration of transaction;

1914 3. For wholesaler transactions, the state and City, if any, sales and
1915 use tax license number of the seller.

1916 (g) Disposal of regulated cannabis and cannabis byproducts. All regulated
1917 cannabis and any product containing a usable form of cannabis must be
1918 made unusable and unrecognizable prior to removal from the business in
1919 compliance with all applicable laws. This provision shall not apply to
1920 licensed law enforcement, including without limitation, the Grand
1921 Junction Police Department and the Grand Junction Fire Department.

1922 (h) The manager of a regulated cannabis business is required to respond by
1923 telephone or email within 24 hours of contact by a City official concerning
1924 its cannabis business at the telephone number or email address provided
1925 to the City as the contact for the business. Each 24-hour period during
1926 which an owner or manager does not respond to the City official shall be
1927 considered a separate violation.

1928 5.13.044 Modification of premises.

1929 (a) Any modification of the licensed premises shall be governed by the
1930 standards and procedures set forth in the Colorado Marijuana Code, this
1931 Chapter, and any regulations adopted pursuant thereto.

1932 (b) The Authority shall administer applications to modify the premises in the
1933 same manner as the state licensing authority administers changes of
1934 location and modifications of premises for state licenses.

1935 (c) Any application for a proposed modification of the licensed premises shall
1936 comply with and shall be subject to review and approval of the Building
1937 Departments and any other agency that is required to approve such
1938 modification.

1939 5.13.045 Renewals.

1940
1941 (a) A regulated cannabis business license issued pursuant to this Chapter shall
1942 be valid for one year from the date of issuance and shall automatically expire
1943 on the last day of the month in which the License is issued of the year
1944 following issuance or renewal of the License.

1945
1946 (b) During the term of the License, the Licensee shall have the ongoing
1947 obligation to:
1948

- 1949
1950
1951
1952
1953
1954
1955
1956
1957
1958
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1. Provide the City with copies of all material that it voluntarily files or is required to file with the Colorado Department of Revenue Marijuana Enforcement Division; and,
 2. Post a 24 inch x 36 inch sign within the licensed premises of a regulated cannabis business which includes the warning statements set forth in Rule 1006 C.1.i. of the Colorado Department of Revenue Marijuana Enforcement Division Permanent Rules Related to the Colorado Regulated Marijuana Code, as amended.
- (c) Licensee must apply for the renewal of an existing license at least 45 days prior to the License's expiration date. The Licensee shall apply for renewal using forms provided by the City. If the Licensee fails to timely file a renewal application, the Licensee must provide a written explanation detailing the circumstances surrounding the late filing. If the Authority accepts the application, then it administratively continues the License beyond the expiration date, but for no longer than 45 days after the expiration date, while the Authority completes the renewal licensing process, in which case, the Licensee shall pay an additional fee to the City prior to issuance of the renewed license. The renewal license fee, and late fee if applicable, shall accompany the renewal application. Such fee(s) are nonrefundable.
- (d) In the event that there has been a change to any of the plans identified in the license application which were submitted to and approved by the Authority with the application or an earlier renewal, the renewal or modification of the premises application shall include specifics of the changes or proposed changes in any of such plans.
- (e) In the event any person who has an interest in the License or any manager, financier, agent as defined herein, or employee has been charged with or accused of violations of any law since issuance of the License, the renewal application shall include the name of the violator, the date of the violation, the court and case number where the violation was filed, and the disposition of the violation with the renewal application.
- (f) In the event the regulated cannabis business Licensee has received any notice of violation of any law, the renewal application shall include a copy of the notice or suspension.
- (g) The renewal application shall include verification that the business has a valid state license and the state license is in good standing.

- 1991 (h) The Authority shall not accept renewal applications after the expiration of
1992 the License.
1993
- 1994 (i) No renewal application shall be accepted by the Authority that is not
1995 complete. Any application mailed to or deposited with the Authority that,
1996 upon examination, is found to have some omission or error, shall be
1997 returned to the Applicant for completion or correction.
1998
- 1999 (j) In the event there have been allegations of violations of this Chapter, if the
2000 Licensee has a history of violation(s), or if the Licensee has committed
2001 unlawful acts, and/or if there are allegations against the Licensee that would
2002 constitute good cause as defined herein by any of the Licensee(s) or the
2003 business submitting a renewal application, the City may hold a hearing
2004 pursuant to § 5.13.031 of this Chapter, prior to approving the renewal
2005 application. The hearing shall be to determine whether the application and
2006 proposed Licensee(s) comply with this Chapter. If the Authority holds a
2007 hearing and the application and the Licensees are found to meet the
2008 requirements of this Chapter, or the business has been operated in the past
2009 in violation of law, rule or regulation, then the renewal application may be
2010 denied or issued with conditions, and the Authority's decision shall be final
2011 subject to judicial review.
2012
- 2013 (k) All renewal applications shall be reviewed and evaluated by the Authority if
2014 no hearing is scheduled. The Authority may refuse to renew any license for
2015 good cause as that term is defined in this Chapter and any applicable local
2016 law or regulation.
2017
- 2018 (l) In the event a regulated cannabis business that has been open and
2019 operating and submitting monthly sales and use tax returns to the City
2020 ceases providing sales and use tax returns to the City for a period of three
2021 months or longer, the cannabis business license shall be set for a public
2022 hearing for the Authority to determine if the License shall be revoked.
2023
- 2024 (l) In the event the City incurs costs in the inspection, clean-up, or any other
2025 necessary or required action to remove regulated cannabis of any
2026 regulated cannabis business, or any person cultivating, producing,
2027 distributing, or possessing cannabis, or otherwise cause the business to
2028 be in compliance with applicable law, the Licensee shall reimburse the City
2029 all costs incurred by the City for such inspection and/or cleanup.
2030
- 2031 5.13.046 Compliance monitoring.
2032

- 2033 (1) The City shall monitor compliance with this Chapter, as it deems
2034 appropriate.
2035
- 2036 (2) The City shall have the discretion to consider any or all previous
2037 compliance check histories of a Licensee in determining how frequently
2038 to conduct compliance checks of a Licensee with respect to any
2039 licensee(s).
2040
- 2041 (3) Compliance checks shall be conducted as the City determines
2042 appropriate so as to allow the City to determine, at a minimum, if the
2043 regulated cannabis business is conducting business in a manner that
2044 complies with law.
2045
- 2046 (4) It shall not be a violation of the law for a person under the minimum sale
2047 age for cannabis purchases or possession to purchase or possess
2048 cannabis products if the underage person is participating in a
2049 compliance check supervised by any person authorized by the City or
2050 the State of Colorado to conduct compliance monitoring.
2051

2052 **5.13.047 Sales tax.**

2053 Each regulated cannabis business shall collect and remit City sales and
2054 use tax on all regulated cannabis, paraphernalia and other tangible property used
2055 or sold at the licensed premises as provided by the Grand Junction Municipal
2056 Code and other applicable law.

2057 **5.13.048 Violations and Penalties.**

- 2058
- 2059 (a) The Authority shall hear all actions relating to the suspension or
2060 revocation of licenses pursuant to this Chapter. The Authority shall
2061 have the authority to impose disciplinary actions, sanctions, penalties
2062 upon a Licensee including but not limited to additional terms and
2063 conditions on the license, a fine in lieu of a suspension, a suspension or
2064 a revocation of a license issued by the Authority for any violation by
2065 the Licensee or by any of the agents or employees of the Licensee of
2066 any provision of the Colorado Marijuana Code, the City's Code, any rule
2067 or regulation adopted pursuant thereto, any building, fire, health or
2068 zoning statute, code, or ordinance, or any of the rules and regulations
2069 adopted pursuant thereto, in addition to any other penalties prescribed
2070 by this Code.
2071
- 2072 (b) In addition to the possible denial, suspension, revocation or nonrenewal
2073 of a license under the provisions of this Chapter, any person, including

2074 but not limited to, any Licensee, manager or employee of a regulated
2075 cannabis business, or any customer of such business, who violates any
2076 of the provisions of this Chapter, shall be guilty of a misdemeanor
2077 offense punishable in accordance with § 1.04.090 of this Code. A person
2078 committing a violation shall be guilty of a separate offense for each and
2079 every day during which the offense is committed or continued to be
2080 permitted by such person and shall be punished accordingly.

2081
2082 (c) The City shall commence suspension or revocation proceedings by
2083 petitioning the Authority to issue an order to the Licensee to show
2084 cause that the Licensee's license should not be suspended or revoked.
2085 The Authority shall issue such an order to show cause if the petition
2086 demonstrates that evidence exists to determine that one or more
2087 grounds exist to suspend or revoke the Licensee's license. The order to
2088 show cause shall set the matter for a public hearing before the
2089 authority.

2090
2091 (d) The City Manager shall give written notice of the public hearing no later
2092 than fifteen days prior to the hearing by mailing, either electronically or
2093 by first class mail, the notice to the Licensee at the address contained in
2094 the Licensee's license. At the hearing, the Licensee shall have the
2095 opportunity to be heard, to present evidence and witnesses, and to
2096 cross examine witnesses presented by the City. The Authority shall
2097 have the power to administer oaths and issue subpoenas to require the
2098 presence of persons and the production of papers, books, and records
2099 necessary to the determination of any hearing that the Authority is
2100 authorized to conduct. The standard of proof at such hearings shall be a
2101 preponderance of the evidence. The burden of proof shall be upon the
2102 City. The Authority shall be permitted to accept any evidence that the
2103 Hearing Officer finds to be relevant to the show cause proceeding.

2104
2105 (e) If the Authority finds that a violation has occurred, the Authority may:

- 2106
2107 (1) Revoke the license for any period up to and including permanent
2108 revocation;
2109
2110 (2) Suspend the license for any period of time; (6 months?)
2111
2112 (3) Impose a fine or fine in lieu of suspension of at least \$500.00 but
2113 no more than \$100,000.00;
2114
2115 (4) Establish conditions that must be met before the license holder
2116 may apply for reinstatement of the license; and,

2117
2118
2119
2120
2121
2122
2123
2124
2125
2126
2127
2128
2129
2130
2131
2132
2133
2134
2135
2136
2137
2138
2139
2140
2141
2142
2143
2144
2145
2146
2147
2148
2149
2150
2151
2152
2153
2154
2155
2156
2157
2158
2159

(5) The Authority may impose the costs to conduct a public hearing upon a Licensee who has violated any of the provisions prescribed by this Chapter.

- (f) Payment of fines or costs pursuant to the provisions of this Chapter shall be in the form of a certified check or cashier's check made payable to the City of Grand Junction and paid within seven days of the imposed sanction.
- (g) If the Authority finds that the license shall be suspended or revoked or a fine imposed in lieu of a suspension, the Licensee shall be provided written notice of such fine, suspension or revocation with the reasons therefore within 20 days following the date of the hearing.
- (h) The Authority will establish factors to consider when determining the amount of fine to impose and a matrix of steps for fine amounts. These factors and matrix will be used consistently for all imposed penalties. The Colorado State Marijuana Enforcement Penalty Schedule may be used as a guide to create the local sentencing schedule.
- (i) If a license is suspended, the Licensee must post notice that states the License is under suspension or revocation due to violation(s) of this Chapter, and that all sales of cannabis products are prohibited for the period of the suspension. The signage shall be prominently displayed at all entrances on the premises for the entirety of the suspension or revocation.
- (j) When a License has been revoked, no new license shall be issued to the same Licensee for the period of two years after the revocation.
- (k) All Licensees are assumed to be fully aware of the law and the City shall not therefore be required to issue warnings before issuing citations for violation(s) of this Chapter.
- (l) If the Authority suspends or revokes a license or imposes a fine in lieu of a suspension of the Licensee, the Licensee may appeal the fine, suspension or revocation to the Mesa County District Court pursuant to Rule 106(a)(4) of the Colorado Rules of Civil Procedure. The Licensee's failure to timely appeal the decision is a waiver of the Licensee's right to contest the fine imposed or the suspension or revocation of the Licensee.

2160 (m) No fee or portion thereof previously paid by a Licensee in connection
2161 with a license shall be refunded if the licensee's license is suspended
2162 or revoked.

2163
2164 5.13.049 Remedies.

2165
2166 The City is specifically authorized to seek an injunction, abatement, restitution, or
2167 any remedy necessary to prevent, enjoin, remove or prosecute any violation or
2168 unlawful act under this Chapter, and any remedies provided for herein shall be
2169 cumulative and not exclusive and shall be in addition to any other remedies
2170 provided by law or in equity. Any and all action(s) shall be filed in the Municipal
2171 Court.

2172
2173 5.13.050 No City liability; indemnification.

2174
2175 (a) By accepting a license issued pursuant to this Chapter, the Licensee
2176 waives and releases the City, its officers, elected officials, employees,
2177 attorneys and agents from any liability for injuries, damages or liabilities of
2178 any kind that result from any arrest or prosecution of business owners,
2179 operators, employees, clients or customers for a violation of state or
2180 federal laws, rules or regulations.

2181
2182 (b) By accepting a license issued pursuant to this Chapter, all Licensees,
2183 jointly and severally if more than one (1), agree to indemnify, defend and
2184 hold harmless the City, its officers, elected officials, employees, attorneys,
2185 agents and insurers against all liability, claims and demands on account of
2186 any injury, personal injury, sickness, disease, death, property loss or
2187 damage, or any other loss of any kind whatsoever arising out of or in any
2188 manner connected with the operation of the regulated cannabis business
2189 that is the subject of the license.

2190
2191 5.13.051 Severability.

2192
2193 This chapter is necessary to protect the public health, safety, and welfare of the
2194 residents of the City and covers matters of local concern or matters of mixed
2195 State and local concern as provided by [§ 44-11-101](#), C.R.S.

2196 If any provision of this chapter is found to be unconstitutional or illegal, such
2197 finding shall only invalidate that part or portion found to violate the law. All other
2198 provisions shall be deemed severed or severable and shall continue in full force
2199 and effect.

2200 5.13.052 Administrative regulations; Action by City Council.

2201

2202 (a) The City Manager is authorized to promulgate such rules, regulations, and
2203 forms as are necessary to effectuate the implementation, administration
2204 and enforcement of this Chapter.

2205
2206 (b) The City Council may consistent with the Charter and other applicable law
2207 amend this Chapter in order to stay current with applicable state laws,
2208 rules and regulations so long a no amendment, restriction, provision, rule
2209 or regulation shall be no less stringent than that imposed, if at all by
2210 Colorado law.

2211
2212 Introduced on first reading the _____ day of _____,
2213 2022 and ordered published in pamphlet form.

2214
2215 Adopted on second reading this ____ day of _____ 2022 and ordered published in
2216 pamphlet form.

2217
2218
2219
2220 ATTEST: _____
2221 Chuck McDaniel
2222 President of City Council

2223
2224 _____
2225 Laura J. Bauer, Interim City Clerk
City Clerk

ORDINANCE NO. _____

AN ORDINANCE TO AMEND TITLE 21 CHAPTER 4, CHAPTER 6, AND CHAPTER 10 OF THE ZONING AND DEVELOPMENT CODE REGARDING USE STANDARDS AND FOR SPECIFIC BUFFERING BETWEEN CERTAIN SCHOOLS, PARKS, AND REHABILITATION FACILITIES, AND TO ADOPT REGULATIONS FOR SIGNAGE OF CANNABIS BUSINESSES, AND DEFINITIONS FOR SUCH BUSINESSES.

RECITALS:

The City desires to maintain effective regulations in its Zoning and Development Code (Title 21 of the Grand Junction Municipal Code (“GJMC”); regulations that encourage and require appropriate use of land throughout the City while taking into consideration the needs and desires of the citizens of Grand Junction.

Although Federal law criminalizes the use and possession of marijuana as a Schedule 1 controlled substance under the Controlled Substance Act, on June 7, 2010, former Governor Ritter signed into law House Bill 10-1284 and Senate Bill 10-108 which, among other things, authorized the City to adopt an ordinance to license, regulate or prohibit the cultivation and/or sale of cannabis (C.R.S. 12-43.3-103(2)). The law also allowed a city to vote, either by a majority of the registered electors or a majority of the City Council, to prohibit the operation of medical cannabis centers, optional premises cultivation operations and medical cannabis infused products manufacturers.

At the time of House Bill 10-1284 and Senate Bill 10-108’s passing, a moratorium was in effect in the City for the licensing, permitting and operation of cannabis businesses. The moratorium, which was initially declared in November 16, 2009 (through Ordinance 4437), was for a period of twelve months and applied to any person or entity applying to function, do business or hold itself out as a medical cannabis dispensary in the City of Grand Junction, regardless of the person, entity, or zoning. On October 13, 2020, City Council adopted Ordinance 4446 which extended the moratorium to July 1, 2011.

At the April 5, 2011 election, the electorate voted in favor of prohibiting the operation of medical cannabis businesses and the amendment of the Grand Junction Municipal Code by prohibiting certain uses of cannabis (Measure A).

On November 6, 2012, Colorado Amendment 64 was passed by the voters, amending Article 18 of the Colorado Constitution adding Section 16 which allows retail cannabis stores and made it legal for anyone 21 years or older to buy cannabis at such stores. In addition, Amendment 64 allows anyone over 21 years of age to legally possess and consume up to one ounce of cannabis. Amendment 64 does not change the Federal law; it still remains illegal under Federal law to produce and/or distribute cannabis.

On February 6, 2013, City Council approved Resolution 07-13 adopting cannabis policies for the City and restrictions for persons or entities from applying to function, do business,

40 or hold itself out as a cannabis facility, business or operation of any sort in the City limits.
41 Later that same year, City Council adopted Ordinance 4599 which prohibited the
42 operation of cannabis cultivation facilities, cannabis product manufacturing facilities,
43 cannabis testing facilities, and retail cannabis stores. Ordinance 4599 also amended
44 Sections in Title 5, Article 15 of the Grand Junction Municipal Code that prohibit certain
45 uses relating to cannabis.

46 In late 2015, the City, Mesa County and Colorado Mesa University, by and through the
47 efforts of the Grand Junction Economic Partnership (GJEP), were successful in
48 establishing the *Colorado Jumpstart* business development program. One business
49 which was awarded the first *Jumpstart* incentive planned to develop a laboratory and
50 deploy its advanced analytical processes for genetic research and its ability to mark/trace
51 chemical properties of agricultural products, one of which was cannabis. In October 2016,
52 City Council passed Ordinance 4722 which amended Ordinance 4599 and Section
53 21.04.010 of the Grand Junction Municipal Code to allow cannabis testing facilities in the
54 City.

55 On January 20, 2021 the City Council approved Resolution 09-21, the adoption of which
56 referred a ballot question to the regular municipal election on April 6, 2021 to repeal
57 Referred Measure A contingent on and subject to voter approval of taxation of cannabis
58 businesses. A majority of the votes cast at the election were in favor of repealing the
59 moratorium on cannabis businesses and in favor of taxation of cannabis businesses.

60 City Council has decided to allow certain retail cannabis businesses within the City. City
61 Council has requested that staff prepare an ordinance to repeal the prohibition of
62 cannabis businesses from the Grand Junction Municipal Code and to include rules and
63 regulations for licensing and operating retail cannabis businesses.

64 City staff and community members, including the Cannabis Working Group, have
65 researched, reviewed, and discussed various approaches to taxation, permitting and
66 regulation of retail cannabis within the City. Regulations for cannabis uses have been
67 established at the state level with the adoption and implementation of the Colorado
68 Cannabis Code in the Colorado Revised Statutes (C.R.S. 44-10-101, *et. seq.*); however,
69 regulation of retail cannabis uses at the state level alone are inadequate to address the
70 impacts on the City of regulated cannabis, making it appropriate for the City to regulate
71 the impacts of retail cannabis uses.

72 The City has a valid interest in regulating zoning and other impacts of cannabis
73 businesses in a manner that is consistent with constitutional and statutory standards. The
74 City Council desires to facilitate the provision of quality retail cannabis in a safe manner
75 while protecting existing uses within the City. Regulation of the manner of operation and
76 location of retail cannabis uses is necessary to protect the health, safety and welfare of
77 both the public and the customers. The proposed ordinance is intended to allow certain
78 regulated cannabis businesses that will have a minimal impact and where potential
79 negative impacts are minimized.

80 This proposed ordinance amends the City's Code to permit cannabis businesses in the
81 specific zone districts where general indoor retail sales are permitted and provides for
82 buffering from specific land uses including parks, certain schools and specific
83 rehabilitation facilities. This ordinance also includes regulations for signage and
84 definitions for cannabis businesses.

85 After public notice and public hearing as required by the Grand Junction Zoning and
86 Development Code, the Grand Junction Planning Commission recommended approval
87 of the proposed amendments.

88 After public notice and public hearing, the Grand Junction City Council finds that the
89 amendments to allow certain retail cannabis businesses by and through the uses and the
90 Use Table, are responsive to the community's desires and otherwise advance and protect
91 the public health, safety and welfare of the City and its residents.

92 **NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF**
93 **GRAND JUNCTION THAT THE FOLLOWING SECTIONS OF THE ZONING AND**
94 **DEVELOPMENT CODE (TITLE 21 OF THE GRAND JUNCTION MUNICIPAL CODE)**
95 **ARE AMENDED AS FOLLOWS (new text additions underlined and deletions marked**
96 **with strike-through notations):**

97 21.04.010 (d) Use table.

98 ~~Marijuana related business, whether retail, commercial, industrial or agricultural, except~~
99 ~~marijuana testing facility(ies) are prohibited in all zone districts in accordance with~~
100 ~~Chapter 5.15 GJMC. Marijuana testing facility(ies) is (are) allowed in the zone districts~~
101 ~~shown:~~

102
103 ~~Marijuana testing facilities shall be categorized as/under the "industrial services,~~
104 ~~contractors and trade shops, oil and gas support operations without hazardous~~
105 ~~materials" category of the use zone matrix as "research, testing, and laboratory facilities~~
106 ~~—indoors (including marijuana testing facilities)" as allowed uses in B-2, C-1, C-2, MU,~~
107 ~~BP, IO, I 1 and I 2 zone districts.~~

108

109

110

111

112

113

114

115

116 21.04.010 Use Table.

Key: A = Allowed, C = Conditional, Blank Cell = Not Permitted																								
Use Category	Principal Use	R-R	R-E	R-1	R-2	R-4	R-5	R-6	R-12	R-16	R-24	R-O	B-1	B-2	C-1	C-2	CSR	M-U	BP	I-O	I-1	I-2	M X-	Std.
Retail Sales and Services	Marijuana-Related Business																							Ch. 6-16
Retail Sales and Service	Retail Cannabis Store												A	A	A	A		A	A				A	Ch. 21.04.030 Div1

117

118

119 21.04.030 Use-specific standards.

120

121 (w) Retail Cannabis Stores

122

123 (1) Applicability. These regulations apply to all Retail Cannabis Stores in the City
 124 in addition to the other provisions in the GJMC pertaining to cannabis stores,
 125 including but not limited to, GJMC Chapters 5.13 and 5.14.

126

127 (2) Zoning.

128

129 a. It is unlawful for a Retail Cannabis Store to operate in a building which
 130 contains a Dwelling Unit.

131

132 b. There shall be no more than two Retail Cannabis Stores operating
 133 within the boundaries of the Horizon Drive Business Improvement
 134 District, as may be amended.

135

136 c. There shall be no regulated cannabis businesses located on the
 137 ground floor of any buildings in the Downtown Grand Junction area
 138 defined as Main Street bounded by the west intersection line of First
 139 Street and bounded by the east by the centerline of 7th Street.

140

141 (3) Buffering.

142 a. No Retail Cannabis Stores shall be located:

143 i. Within 1000 feet of any private or public elementary, middle,
 144 junior high, high school or institution of higher learning.

145

- 146 ii. Within 1000 feet of Colorado Mesa University (Main Campus)
147 and Western Colorado Community College.
148
149 iii. Within 500 feet of all public parks or undeveloped park lands as
150 provided in the Parks, Recreation and Open Space Master Plan,
151 as amended.
152
153 iv. Within 500 feet of any services for prevention, treatment or
154 recovery from substance use and mental health concerns, as
155 licensed by the Colorado Department of Human Services, Office
156 of Behavioral Health (OBH).
157
158 b. Buffering Distance Computation. The buffering distance shall be
159 computed by direct measurement from the nearest property line of the
160 land use to the nearest portion of the building or unit in which the retail
161 cannabis is to be sold, using a route of direct pedestrian access,
162 measured as a person would walk safely and properly, without
163 trespassing, with right angles at crossings and with the observance of
164 traffic regulations and traffic signals.
165

166 21.06.070 Sign Regulation

167
168 (j) Cannabis Retail Store Signage and Advertising
169

- 170 (1) All signs and advertising for a Retail Cannabis Stores shall comply with all
171 applicable provisions of the Colorado Cannabis Code, any regulations
172 adopted pursuant thereto, the provisions of this Chapter and Chapter 6, and
173 the City's ordinances and regulations regarding signs and advertising.
174
175 (2) No sign shall use the terms "pharmacy", "pharmacist", "pharmaceutical", "rx",
176 or any other similar variation of such terms as its corporate, business, or
177 "doing business as" name, so as to prevent a reasonable person from
178 concluding such business is involved in the practice of pharmacy, as
179 regulated by Pharmaceuticals and Pharmacists, C.R.S. Article 22 of Chapter
180 12. Additionally, no Retail Cannabis Stores may use any of the above terms
181 or any similar variation thereof in any of its signs, placards, promotional, or
182 advertising materials. Additionally, no signs that mimic or allude to pharmacy
183 or medical related symbols, including but not limited to medical style crosses
184 regardless of proportions or colors, shall be used or displayed in nonmedical
185 retail cannabis stores.
186
187 (3) No sign shall include advertising material that is misleading, deceptive or
188 false or that, as evidenced by the content of the advertising material or by the

189 medium or the manner in which the advertising material is disseminated, is
190 designed to appeal to persons under eighteen (18) years of age.

191 (4) Signs and Advertising not requiring a permit include:

- 193
- 194 i. Sign-wavers or other natural persons standing in the public. No
195 Retail Cannabis Stores shall advertise with sign-wavers or other
196 natural persons within the buffering distances from specified land
197 uses as provided in w.3(a) above.
- 198
- 199 ii. Any advertisement contained within a newspaper, magazine, or
200 other periodical of general circulation within the City or on the
201 internet, which may include coupons.
- 202
- 203 iii. Any non-consumable merchandise or accessories.
- 204
- 205 iv. A booth at an adult event or job fair where the only items distributed
206 are company or educational materials and no other items are
207 distributed, shown or sold.
- 208
- 209 v. Business cards within the business or handed directly to an
210 individual who is over the age of 21.
- 211
- 212 vi. Showing a government-issued verification of age or military status,
213 or registration for a charitable event, or similar item the showing of
214 which, without providing a separate printing to the business, entitles
215 the holder to a discount for a particular product or service.
- 216
- 217 vii. Company materials and educational materials distributed inside the
218 cannabis business.
- 219

220 21.10.020 Terms Defined

221

222 Cannabis testing facility(ies) is an entity licensed to analyze and certify safety and
223 potency of cannabis.

224

225 Medical Cannabis Store is an entity licensed co-located with a retail cannabis store that
226 sells medical cannabis to registered patients or primary caregivers as defined in Section
227 14 of Article XVIII of the Colorado constitution, but is not a primary caregiver.

228

229 Retail cannabis cultivation facility is an entity licensed to cultivate, prepare, and package
230 cannabis and sell cannabis to retail cannabis stores, to cannabis product manufacturing
231 facilities, and to other cannabis cultivation facilities, but not to consumer.

232

233 Retail cannabis hospitality and sales business is a facility that cannot be mobile, that is
234 licensed to permit the consumption of only the retail cannabis or retail cannabis
235 products it has sold pursuant to the provisions of an enacted, initiated, or referred
236 ordinance or resolution of the local jurisdiction in which the licensee operates.

237
238 Retail cannabis products manufacturing facility is an entity licensed to purchase
239 cannabis; manufacture, prepare, and package cannabis products; and sell cannabis
240 and cannabis products to other cannabis product manufacturing facilities and to retail
241 cannabis stores, but not to consumers.

242
243 Retail cannabis transporter business is an entity or person that is licensed to transport
244 retail cannabis and retail cannabis products from one retail cannabis business to
245 another retail cannabis business and to temporarily store the transported retail cannabis
246 and retail cannabis products at its licensed premises but is not authorized to sell retail
247 cannabis or retail cannabis products under any circumstances.

248
249 Retail cannabis store is an entity licensed to purchase cannabis from cannabis
250 cultivation facilities and to sell cannabis to consumers and retail cannabis testing
251 facilities that are licensed to analyze and certify the safety and potency of cannabis.

252
253 All other provisions of Title 21 Chapter 4, Chapter 6, and Chapter 10 shall remain in full
254 force and effect.

255
256 Introduced on first reading the _____ day of _____,
257 2022 and ordered published in pamphlet form.

258
259 Adopted on second reading this _____ day of _____ 2022 and ordered published in
260 pamphlet form.

261
262
263
264
265 ATTEST: _____
266 Chuck McDaniel
267 President of City Council

268
269 _____
270 Laura J. Bauer, MMC
271 Interim City Clerk

41 City staff and community members, including the Marijuana Working Group, have
42 researched, reviewed and discussed various approaches to taxation, permitting and
43 regulation of marijuana within the City and provided to City Council such information and
44 recommendation for the moratorium to be lifted on marijuana businesses.

45 On January 20, 2021 the City Council approved Resolution 09-21, the adoption of which
46 referred a ballot question to the regular municipal election on April 6, 2021 to repeal
47 Referred Measure A contingent on and subject to voter approval of taxation of marijuana
48 businesses. A majority of the votes cast at the election were in favor of repealing the
49 moratorium on marijuana businesses and in favor of taxation of marijuana businesses.

50 City Council has determined to allow retail marijuana businesses within the City. On
51 _____, Ordinance No. _____ was approved by City Council which
52 developed rules and regulation for licensing and operating retail marijuana businesses.

53 There are indirect costs to the City of the use of marijuana that are not covered by the
54 license and application fees paid by the retail marijuana business. Many of those costs
55 are related to the fact that marijuana is illegal at the federal level and the state has not
56 been able to fully fund enforcement of laws adopted at the state level, leaving
57 enforcement of marijuana laws to the local municipalities. Further, there are not
58 comprehensive substance abuse programs related to the legal use of marijuana.

59 Imposing both an excise tax and a special sales and use tax on marijuana and marijuana
60 businesses would provide resources necessary for the City to be able to pay the indirect
61 costs, including education and programs, related to the use of marijuana.

62 City Council requested that staff prepare an ordinance that approves a sales and use tax
63 of 6 percent and an excise tax of five percent.

64 **NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF**
65 **GRAND JUNCTION THAT:**

66 Title 3 shall be amended as follows (additions documented in **bold print** and deletions
67 marked with ~~strike-through notations~~):

68 3.12.020 Definitions.

69 ***Marijuana* also known as *cannabis*, shall have the same meaning as the term**
70 **“usable form of marijuana” as set forth in Article XVIII, Section 16(2) of the**
71 **Colorado Constitution or as may be more fully defined in any applicable State law**
72 **or regulation. “Marijuana” may alternatively be spelled “marihuana”.**

73 ***Retail marijuana* has the same meaning as set forth in Section 16(2)(f) of Article**
74 **XVIII of the Colorado Constitution.**

75 ***Retail marijuana products* has the same meaning as set forth in Section 16(2)(k)**
76 **of Article XVIII of the Colorado Constitution.**

77 **Retail marijuana store** has the same meaning as set forth in Section 16(2)(n) of
78 **Article XVIII** of the Colorado Constitution (an entity licensed to purchase
79 **marijuana** from marijuana cultivation facilities and marijuana and marijuana
80 **products** from marijuana product manufacturing facilities and to sell marijuana
81 **and marijuana products** to consumers).

82 3.12.030 Levied.

83 **(d)** In addition to the general sales and use tax of 3.25 percent levied in
84 **subsection (a)** above, there is hereby levied a special sales and use tax of 6
85 **percent** on the full purchase price paid or charged for tangible personal property
86 **and taxable services** purchased or sold at retail by any retail marijuana store
87 **exercising a taxable privilege** in the City by the sale of such property or services.
88 **Each retail marijuana store** shall collect the tax on every sale or transfer of retail
89 **marijuana product(s)**. The additional sales and use tax shall be collected by the
90 **vendor** and remitted to the City. All revenue derived through the general sales tax
91 **of 3.5 percent** on retail marijuana sales shall be used for general municipal
92 **purposes** and may be restricted by previous voter action. All revenue derived
93 **through the special sales and use tax of 6 percent** on retail marijuana sales shall
94 **be used** for the enforcement of regulations on the regulated marijuana industry
95 **and other costs** related to the implementation of the use and regulation of
96 **regulated marijuana** an lawful utilization of marijuana, the building, operating and
97 **maintenance** of the highest priorities of the adopted Parks and Recreation Open
98 **Space Plan** which includes indoor and outdoor recreating and park facilities,
99 **capital improvements** and enhancements to the City's Parks, trails and open
100 **space, public safety, enforcement** and administrative purposes and for
101 **comprehensive substance abuse programs** including, without limitation,
102 **prevention, treatment, education, responsible use, intervention, and monitoring,**
103 **with an emphasis on youth** with the remainder used to fund other governmental
104 **expenses** including police, fire, transportation and general government.

105 3.12.070 Exemptions from sales tax.

106 *Wholesale sales* means a sale by a wholesaler to retailers, jobbers, dealers or other
107 wholesalers for resale and does not include a sale by wholesalers to users or
108 consumers not for resale; latter types of sales shall be deemed to be retail sales and
109 shall be subject to the provisions of this chapter. **Wholesale sales of retail marijuana**
110 **are subject to an excise tax under the provisions of this Chapter.**

111 **Chapter 3.16 Retail Marijuana Excise Tax**

112 **3.16.010 Purpose and legislative intent.**

113 **The City Council intends** that an excise tax be imposed on the first sale or transfer
114 **of unprocessed retail marijuana** by a retail cultivation facility within the City. The
115 **purpose of this tax** is to increase the revenue base for the City and such revenue

116 derived through the retail marijuana excise tax shall be used for the enforcement
117 of regulations on the regulated marijuana industry and other costs related to the
118 implementation of the use and regulation of regulated marijuana and lawful
119 utilization of marijuana, the building, operating and maintenance of the highest
120 priorities of the adopted Parks and Recreation Open Space Plan which includes
121 indoor and outdoor recreating and park facilities, capital improvements and
122 enhancements to the City's Parks, trails and open space, public safety,
123 enforcement and administrative purposes and for comprehensive substance
124 abuse programs including, without limitation, prevention, treatment, education,
125 responsible use, intervention, and monitoring, with an emphasis on youth with the
126 remainder used to fund other governmental expenses including police, fire,
127 transportation and general government.

128 **3.16.020 Definitions.**

129 As used in this Chapter, *average market rate* means the amount determined by the
130 State pursuant to Section 39-28.8-101(1), C.R.S., as the average price of
131 unprocessed retail marijuana that is sold or transferred from a retail marijuana
132 cultivation facility to a retail marijuana store or retail marijuana products
133 manufacturer. All other terms in this Chapter shall have the same meaning as set
134 forth in Title 5 Chapter 13 of this Code.

135 **3.16.030 Imposition and rate of tax.**

136 There is hereby levied an excise tax of 5 percent upon the average market rate of
137 unprocessed retail marijuana that is sold or transferred from a retail marijuana
138 cultivation facility to a retail marijuana store or retail marijuana products
139 manufacturer.

140 **3.16.040 Vendor liable for tax.**

141 Each retail marijuana cultivation facility shall collect the tax imposed in Section
142 3.16.030 above upon every sale or transfer of unprocessed retail marijuana from
143 the cultivation facility. The person charged with the duty to collect taxes also has
144 the burden of proving that any transaction is not subject to the tax imposed by this
145 Article.

146 **3.16.050 Taxes collected held in trust.**

147 All sums of money paid by any person or facility to a cultivation facility as excise
148 taxes pursuant to this Article are public monies that are the property of the City.
149 The person required to collect and remit retail marijuana excise taxes shall hold
150 such monies in trust for the sole use and benefit of the City until paying them to
151 the Finance Director.

152 **3.16.060 Licensing and reporting.**

153 (a) Every person with a duty to collect the excise tax imposed by this Article shall
154 obtain a tax license pursuant to Title 5 Chapter 13 of this Code, report such taxes
155 collected on forms prescribed by the Finance Director and remit such taxes to the
156 City on or before the 20th day of the month for the preceding month under report.
157 A tax license shall be valid so long as:

158 (1) the business remains in continuous operation

159 (2) the license is not canceled by the licensee or revoked by the City; and

160 (3) the business holds a valid retail marijuana license from the City pursuant to
161 Title 5 Chapter 13 of this Code.

162 (b) The tax license may be canceled or revoked by the City as provided in Chapter
163 12 Section 250 of this Title.

164 (c) Whenever a business entity that is required to be licensed under this Article is
165 sold, purchased or transferred, so that the ownership interest of the purchaser or
166 seller changes in any respect, the purchaser shall obtain a new tax license.

167 (d) Every person engaged in the retail marijuana cultivation business in the City
168 shall keep books and records according to the standards of the Finance Director
169 and subject to the Finance Director's right to audit set forth in GJMC Section
170 3.12.270.

171 (e) The provisions set forth in Sections 3.12.260, 3.12.270, 3.12.290, 3.12.300,
172 3.12.330 thru 3.12.580 of this Code shall all apply to retail marijuana excise taxation
173 by the City.

174 **3.16.070 Duties and powers of the Finance Director.**

175 The Finance Director is authorized to administer the provisions of this Chapter.

176 **3.16.080 Prohibited acts.**

177 It is unlawful and a violation of this Code for any retail marijuana business to sell
178 or transfer unprocessed retail marijuana without the tax license required by this
179 Article, the retail marijuana license required by Title 5 Chapter 13 of this Code and
180 any other licenses required by law, to willfully make any false or fraudulent return
181 or false statement on any return, or to willfully evade the payment of the tax, or any
182 part thereof, as imposed by this Chapter.

183

184 **ALL OTHER PROVISIONS OF TITLE 3 SHALL REMAIN IN FULL FORCE AND**
185 **EFFECT.**

186

187 Introduced on first reading the _____ day of _____,
188 2022 and ordered published in pamphlet form.

189
190 Adopted on second reading this ____ day of _____ 2022 and ordered published in
191 pamphlet form.

192
193

194

195 ATTEST:

196

197

198

199 _____
200 Laura Bauer
201 Interim City Clerk

201

C.B. McDaniel
President of City Council

DRAFT

Memorandum

TO: Mayor McDaniel and Members of City Council
FROM: John Shaver, City Attorney
CC: Tamra Allen, Community Development Department Director
Laura Bauer, Interim City Clerk
Greg Caton, City Manager
SUBJECT: Renee Grossman/High Q Letter

On February 7, 2022 Renee Grossman sent the attached letter to City Council (Letter). As you are aware Ms. Grossman is an owner of/has interest(s) in regulated cannabis businesses, has addressed City Council during public comment on the City's proposed cannabis regulations, and was a member of the City's Marijuana Advisory Group. Staff has reviewed the Letter and with this memo offers certain responses and refutations to some of what she wrote.

While Ms. Grossman does have experience in the industry, and the Letter is undoubtedly written in light of that experience, her claims are general, tend to be self-serving, and based on City Staff's research, not wholly accurate. I will not address each of her contentions but will instead address those, which as she writes in the introduction to the Letter may "be problematic and result in long delays and/or litigation."

For the most part the Letter urges the Council to adopt a merit selection process. While Ms. Grossman as a member of the industry favors a merit process, there is no method that we have found by which (a) merit criteria and review and scoring of merit based applications can be anything other than subjective and (b) a merit based process tends to favor the larger industry/businesses as often merit criteria include business experience, financial factors, such as capitalization, and capacity to contribute to community support/betterment programs.

Ms. Grossman contends that "Lotteries produce suboptimal results and often result in lawsuits and huge delays. First, those with money find ways to submit numerous applications to stack the odds in their favor." Our response to these contentions is (a) "suboptimal results" is in and of itself a subjective determination, and the obvious related questions are "suboptimal for whom," "suboptimal in what regard" and/or "how are the purported suboptimal results determined?" and (b) if the City Council adopts regulations that allow only one application per site, then the prospect of "stack[ing] the odds" is reduced. The draft ordinance includes provisions that address entity layering.

The Letter further contends that "There is no guarantee with a lottery that the winners can or will open for business." From staff's perspective a merit process similarly offers no guarantee(s). Funding, staffing, and production challenges, well as other market factors, are considerations for these businesses just as any other. If "opening" is a concern, then the regulations may require that such occur within a definite period following a license award.

A process such as proposed in the draft ordinance that requires applicants to pre-qualify and demonstrate (a) good moral character, and (b) legal possession of property through deed, lease, contract, *etc.* together with (c) the payment of fees, and (d) the opportunity cost of preparing the application, results in applicants having a significant stake in the success of applications and licensure.

Regarding Ms. Grossman's concern about "Flipping licenses" the draft ordinance provides that a licensee must hold a license for no less than 3 years and then if transferred or the entity structure is changed that such may not be to another licensee. The holding period could be extended as Council deems proper.

The Letter mentions the Broomfield litigation. Broomfield was sued because multiple entities were allowed to apply for the same location. The draft ordinance includes provisions that should limit the concerns.

Memorandum

Litigation in Littleton was a result of medical licenses operating within the city under a cap prior to the city having an ordinance for regulated marijuana. Subsequently, four of the five business were allowed to remain in business. In 2020 the industry led an initiative petition drive for retail marijuana that made it to the ballot. Based on the ballot language proposed in the initiative it favored the existing medical licensees. No merit system was used.

Interim City Clerk Bauer assisted with the development of the Fort Lupton process. Ms. Bauer will tell you that Fort Lupton recently completed its initial acceptance of applications for the lottery with five applicants successfully completing the vetting process for the lottery of four licenses. The Fort Lupton Council has been petitioned to increase the allowed number of licenses to five.

The State Marijuana Enforcement Division (MED) reviews the persons that own applicant entities not just the entities themselves and with the requisite financial disclosures the interests of persons holding 10% or more of the entity is known. A "Finding of Suitability" for the controlling beneficial owner and the entity is a predicate to licensing.

The regulatory process that the ordinance proposes is, with the principal exception of the capping of the number of licenses, highly reminiscent of the process used for liquor licensing. Colorado liquor regulations include a consideration for undue concentration of liquor licenses but that is generally a fact based, not a law-based determination. While there are indeed a number of policy and regulatory complexities with the adoption of licensing regulations, likening marijuana regulations to liquor regulations, is from my perspective not one of them. Article 18, Section 16(1)(b) of the Colorado Constitution provides that marijuana should be regulated in a manner similar to alcohol. Although the Constitution does not use the word licensed, I construe that "regulation" is inclusive of licensing and therefore the more similarity between the licensing processes the better.

As Ms. Grossman did, I have included a selected bibliography of internet source materials. While those are not necessarily authoritative or dispositive, they do provide insights into the industry and its perspective on these matters. From my reading of many of these materials, litigation, whether threatened or filed, seems to be part of the industry strategy regardless of what licensing/regulatory model is employed.

Thank you for your consideration of these thoughts. Of course, I welcome your questions, comments or request for additional information.

<https://www.cannabiz.media/blog/lottery-or-competition-whats-the-best-way-to-grant-marijuana-licenses>

<https://www.courthousenews.com/illinois-holds-lottery-for-pot-dispensary-licenses-amid-legal-challenges-to-process/>

<https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2016/12/22/licensing-medical-marijuana-stirs-up-trouble-for-states>

<https://mjbizdaily.com/cannabis-licensing-decisions-challenged-by-marijuana-firms/>

<https://www.jdsupra.com/legalnews/challenging-state-and-local-cannabis-48710/>



February 7, 2022

City Council
City of Grand Junction

Dear Mayor and Council Members:

I would like to offer additional comments for your consideration. I am focusing my comments on items that can be problematic and result in long delays and/or litigation.

I. Stay with merit and don't reconsider doing a lottery

Lotteries produce suboptimal results and often result in lawsuits and huge delays. First, those with money find ways to submit numerous applications to stack the odds in their favor. That can lead to claims of lottery manipulation. Second, there are no guarantees with a lottery that the winners can or will open for business. Even lotteries that pre-qualify applicants often result in applicants who do not open for business (and tie up licenses) or just flip their licenses. Unqualified winners, license flipping and lawsuits can take months or years to resolve. This means the local jurisdictions don't see any tax revenues for months or even years.

Most Colorado municipalities that capped the number of licenses, preferred a merit system to a lottery. Of the nine towns in Colorado that legalized recreational marijuana 2021, only one, Broomfield, chose to do a lottery and they got sued and their process is stalled.¹ Lakewood and Littleton grandfathered and capped their stores to existing medical applicants (which were originally selected by a merit process). Buena Vista and Ft. Lupton initially considered lotteries but after engaging in the process and receiving applications, they changed their ordinances to allow for a selection process. No local governments in the Front Range other than Broomfield have used lotteries.

In addition, most other states that have legalized marijuana and capped the licenses have used merit systems. No system is perfect and some merit systems have resulted in litigation, but typically such litigation has not resulted in the need to unwind the process or led to substantial delays in tax revenues. Here are some links to articles about this topic and examples of lotteries resulting in litigation.

- "Aside from the obvious problem of the most qualified businesses not always getting licenses when lotteries are used, there is also the problem of awarding licenses based on luck rather than merit. With a lottery, you're (hopefully) getting a business that meets minimum qualifications rather than one that you're certain did the most planning to build what can become a sustainable business." <https://www.cannabiz.media/blog/lottery-or-competition-whats-the-best-way-to-grant-marijuana-licenses>
- Two years after the lottery in Palisade, only one out of three licenses opened and that was the store that didn't have to go through the lottery! Moreover, in one of their lotteries, the town picked the top four so if #1 didn't open, the license went to #2 and so on and NONE of the four could open a store because they had fighting in their ownership group or didn't have the money or expertise. It took two years for the second store to open and the town

¹ Broomfield, Buena Vista, Cedaredge, Ft. Lupton, Lakewood, Littleton, Paonia, Romeo and Winter Park.

enacted a moratorium because of the lawsuits and threats of lawsuits. High Q was next in line and the town promised us the license but enacted the moratorium instead. We didn't sue but sometimes I think that was a mistake.

- In Broomfield, one applicant sued charging that the lottery system is rigged to raise the odds for some contenders and the entire process has been on hold since October. <https://www.denverpost.com/2021/10/05/broomfield-marijuana-licenses-lottery-lawsuit-terrapin/>
- Seven months after licenses were granted in Santa Ana, CA, which used a lottery, only two stores opened because of lawsuits. <https://www.ocregister.com/2015/09/14/seven-months-after-medical-marijuana-lottery-only-2-of-20-winners-open-pot-shops-in-santa-ana/>
- Illinois faced several lawsuits from its lotteries, which has led to substantial delays in the issuance of 185 licenses. The State had to add licenses and additional lotteries but is still in litigation. <https://www.chicagotribune.com/marijuana/illinois/ct-illinois-marijuana-lawsuit-to-stop-license-lotteries-20210720-bg4justq2fbxxfbvnea2i4ij6a-story.html>
- Kittery, ME is facing the threat of a lawsuit claiming lottery manipulation if it doesn't revoke the licenses it issued. If it does revoke them, it's highly likely those awarded will sue as well. <https://coloradomarijuanawatch.com/sweet-dirt-threatens-to-sue-kittery-over-its-marijuana-shop-lottery/>
- Tallahassee, FL faced a lawsuit over its lottery as far back as 2014. <https://www.theledger.com/story/news/2014/09/16/miami-based-grower-challenges-states-lottery-system-for-pot/26987866007/>

Applicants typically sue over the criteria used to pre-qualify applicants in the lotteries as well as claims of lottery manipulation and corruption. This happened in Broomfield and Palisade and so much so in Florida that they abandoned their lottery. Some people sue because they were excluded from the lottery and that has resulted in states having to redo their lotteries, which then led to lawsuits by those who won in the first lottery.

Imagine a scenario where Grand Junction receives 50 applications and 45 are deemed qualified to enter the lottery. The lottery then awards 10 licenses. ABC Company who was denied entry into the lottery sues the city claiming they should have been allowed into the lottery. Grand Junction must defend that lawsuit, which takes 9 months. In the meantime, the 10 awarded licenses would have to hold off opening. Then the outcome of that lawsuit is that ABC Company should have been allowed into the lottery, so the city decides to redo the lottery, which takes another 3 months. Now 123 LLC, who won in the first lottery, does not win in the second and sues the city. Grand Junction has to defend that lawsuit, which takes another 9 months. To settle, Grand Junction creates another license to give to 123 LLC. Now XYZ Corporation sues because they were picked 11th in the second lottery so they believe that new license should be theirs. Grand Junction has to defend that lawsuit. This could go on for years with no tax revenues to the city.

A well-crafted, objective merit system that scores all the applications on the same criteria and awards licenses to the highest scoring applicants is far easier to defend against litigation. The reason we in the industry universally prefer merit is because we want to get opened for business quickly to make money and we know from experience that lotteries yield delays and lawsuits. We also know that those

chosen will open for business and be capable and competent companies that will benefit the city with lots of tax revenues. And we know that it's much harder to claim malfeasance and result in baseless lawsuits.

II. Marijuana ownership and ways to avoid problems and delays

When it comes to the ownership of a marijuana business license, the Marijuana Enforcement Division ("MED") looks at the individuals that own the license, not the corporate entity. Any person with 10% or more ownership is called a Controlling Beneficial Owner ("CBO") and must get an Owner's license, which includes an extensive background check. The state also has criteria indicated who is allowed and not allowed to have ownership in a marijuana license.

If the ownership of a license changes, it must be disclosed to the MED. If a CBO or person with 10% or more drops out of the ownership or buys into it, the licensee must file a Change of Ownership with the MED and typically with the local municipality. Smaller changes of ownership also need to be disclosed.

a. Don't allow license flipping

In some municipalities, license winners sold their store licenses before ever opening. This meant they got a lot of money but the city or town didn't see any tax revenues for a long time because the change of ownerships delayed the opening of the stores. In the Town of Carbondale, Silverpeak was awarded a store license and did not open for over two years and then sold it for several hundred thousand dollars to Tumbleweed. That license did not open for almost three years after it was awarded. *Many municipalities prohibit a change of ownership in the first year.*

b. Don't renew licenses if they don't open within a year

Similarly, to flipping, some municipalities kept renewing licenses that were not operational. This is problematic because the city or town does not get any revenues but no one else can get a license because the number of licenses is capped. Also in Carbondale, Leaf Aspen tied up a license for over two years and never opened. *Many municipalities have provisions that say a license cannot be renewed if it's not operational.*

c. Don't allow the same owners to apply more than once

I recommend that you look through the corporate entity to the individual owners, just like the MED. If you allow the same owners to apply more than once, then the big chains or really rich people will tie up numerous properties and apply many times. This will stack the deck in their favor and make it nearly impossible for the smaller operator or local to get a license. It will also make it hard for other types of businesses to find locations in which to open in Grand Junction. Most municipalities only allow each person one opportunity to apply.

Thank you for your consideration of my comments.

Sincerely,



Renée S. Grossman

From: cityclerk
To: Debbie Kemp; Selestina Sandoval; Janet Harrell; Kerry Graves; Laura Bauer
Subject: FW: Additional comments
Date: Monday, February 14, 2022 10:33:30 AM
Attachments: [image001.png](#)
[image003.png](#)
[image004.png](#)

From: Council <council@gjcity.org>
Sent: Monday, February 14, 2022 10:33:24 AM (UTC-07:00) Mountain Time (US & Canada)
To: Abe Herman <abeh@gjcity.org>; Anna Stout <annas@gjcity.org>; Belinda White <belindaw@gjcity.org>; Chuck McDaniel <chuckmc@gjcity.org>; Council <council@gjcity.org>; Dennis Simpson <denniss@gjcity.org>; Greg Caton <gregc@gjcity.org>; Gregory LeBlanc <gregoryl@gjcity.org>; John Shaver <johns@gjcity.org>; Phillip Pe'a <phillipp@gjcity.org>; Randall Reitz <randallr@gjcity.org>; Rick Taggart <rickt@gjcity.org>; cityclerk <cityclerk@gjcity.org>
Subject: FW: Additional comments

FYI: Hello Councilmembers, the message below from Renee Grossman, was left on Council's email this morning:

*Belinda White
Administrative Specialist*

(970) 244-1508



From: Renee Grossman <renee@plumcompanies.com>
Sent: Monday, February 14, 2022 10:30 AM
To: Council <council@gjcity.org>; Tamra Allen <tamraa@gjcity.org>; Gregory LeBlanc <gregoryl@gjcity.org>; John Shaver <johns@gjcity.org>
Subject: Additional comments

**** - EXTERNAL SENDER. Only open links and attachments from known senders. DO NOT provide sensitive information. Check email for threats per risk training. - ****

I have two additional comments that I hope you'll consider. After reading the staff report and draft ordinances.

- Since it appears you intend to do the hybrid approach – merit to randomized – I would ask you to consider weighting the lottery (giving more balls) to those with higher scores.
- 5.13.040 Consider adding to denial of a license renewal that if the store is not operational a part of or a majority of the year that renewal can be denied. This will stop non-operational licenses from blocking others to come into GJT

In general I just want to compliment staff for the extensive work that went into this ordinance.

Regards,

Renée S. Grossman



RENÉE S. GROSSMAN

President & CEO

C: +1 212-851-6448 | E: renee@havacompanies.com

HAVAGARDENS.COM | AKTACREATIONS.COM | HIGHQROCKIES.COM

This email message is for the exclusive use of the intended recipient(s) and may contain confidential, privileged and non-disclosable information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply email immediately and destroy any and all copies of the message.



From: [Council](#)
To: [Abe Herman](#); [Anna Stout](#); [Belinda White](#); [Chuck McDaniel](#); [Council](#); [Dennis Simpson](#); [Greg Caton](#); [Gregory LeBlanc](#); [John Shaver](#); [Phillip Pe*a](#); [Randall Reitz](#); [Rick Taggart](#); [cityclerk](#)
Subject: FW: Workshop today
Date: Monday, February 14, 2022 3:55:53 PM
Attachments: [jmaoe001.png](#)

FYI: Good afternoon Councilmembers, the message below from Lauren Maytin, was left on Council's email this afternoon:

*Belinda White
Administrative Specialist
(970) 244-1508*



From: Lauren Maytin <laurenmaytin@gmail.com>
Sent: Monday, February 14, 2022 3:00 PM
To: citymanager <citymanager@gjcity.org>; Council <council@gjcity.org>
Subject: Workshop today

**** - EXTERNAL SENDER. Only open links and attachments from known senders. DO NOT provide sensitive information. Check email for threats per risk training. - ****

Please provide a copy of my comments to the city council today February 14, 2022

My name is Lauren Maytin. I am a cannabis attorney, the longest sitting board member of CONORML, and I have been an active participant in Cannabis rule making for governmental authorities for over 17 years. As you know, I have been watching and participating in your governmental processes regarding cannabis, your cannabis moratorium, the discussions concerning your new cannabis rules, regulations and ordinances for the city of Grand Junction. I have also submitted comments at meetings wherein you have taken public comment.

Today, I submit the following comments after having reviewed the materials promulgated for tonight's workshop.

ON THE DRAFT MERIT CRITERIA

The merit based approach was overwhelmingly supported by Grand Junction city council and the public - over the course of several months and several public meetings. This approach needs to be more fully developed so that it can stand on its own and not necessitate a lottery in any event. Here are some suggestions about the materials provided by GJ.

* The merit based approach outlined is short and non exhaustive. I submit that there should be additional meritorious classifications.

* I do not see how experience in the cannabis industry over the past 3 years can eradicate the issue of the investor who lost their business when GJ initiated their moratorium - causing them to lose millions of dollars. As such, I would like to see Experience in the Cannabis Industry be recharacterized as "Experience in a Highly Regulated Industry" - this allows the people of GJ who were forced out of the MJ industry and who sought jobs in oil and gas to apply and pass this merit criteria. Being able to follow the rules in a highly regulated field is a translatable skill across fields - for example, industries such as banking, agriculture, mining, oil and gas, milk, and gambling are all highly regulated industries.

* Where is the deference to pre-existing businesses that were forced out of business when GJ enacted their moratorium. Why wouldn't there be points awarded for such a situation?

Also - please consider that you would not need to have a supplemental selection process if there were additional meritorious criteria. And then - if there were 10 applicants that all scored the same - those would be the 10

If there were 20 applicants that all scored the same - then the 10 licenses would be awarded to the first complete applications submitted out of those 20 that all scored the same.

ON THE DRAFT ORDINANCE

1. Definitions should match those that are used by the State - there are numerous examples that should be changed to reflect the language used by MED

examples: Cannabis Business (line 269) vs. Marijuana Establishment

Cannabis operator (line 272) vs Retail Marijuana Business Operator and a Medical Marijuana Business Operator

Cannabis (generally) vs Marijuana

Regulated Cannabis Business vs. Regulated Marijuana Business - medical or retail (line 552)

Regulated Cannabis Plant vs Retail or Medical Marijuana (line 563)

2. mention of license suspensions - what will you do with suspensions held in abeyance? (Page 10 c.)

3. What definition will be used for moral turpitude (page 10 lines 401-402) - use CRS?

4. private clubs are not open to the general public - requires membership and compliance with numerous club only rules (line 519)

5. what are you doing with caregivers? Appears you want then classified as a regulated mj business? Lines 552 - 555

6. Regulated cannabis means any person who possess cannabis openly and publicly? I do not understand that sentence.

7. Lines 584-587 - if caregiver's need licenses from GJ and the state - how will they do that - they cannot get a license from CDPHE - but they can register their caregiver grow with CDPHE

8. Lines 632-638: this P is hard to follow - "without the need for public hearing" and then it states "Notice of such action and for a public hearing before the Authority on the matter ...

9. Lines 891-894: no drug related felony convictions - but just before saying that it reads - no felony convictions in last 5 years. Current state law permits of the law is different

10. Randomized Selection Process - it is clear that no one wanted lottery or a "randomized" process. Not sure why staff went against the vote of council and the voice of the people.

11. line 969 typo event?

12. Lines 966 - 976 - why not make this like the state application?

13. refund only if request - policy should be just to refund 1125-1129

14. page 30 - licenses are not transferable or assignable - can a licensee ever sell their business? Can there be a change of location or change in corp structure if not assignable or transferable? Then the ordinance says lines 1175-1176 no transfer until 3 years has passed since issuance - is the license transferable and assignable after 3 years then?
15. can a person holding less than 10% interest in a marijuana license apply to hold another license in GJ?
16. page 39 - paragraph b doesnt make sense at all - and it reads as follows: - It shall be unlawful at a license regulated cannabis any time not permitted by this code; for any reason to operate a regulated cannabis business" this sentence doesnt make sense
17. page 40 paragraph j - doesnt make sense - the sentence reads as follows: "It shall be unlawful any Licensee, owner, business manager, ... may be charged with this violation " this sentence makes no sense
18. paragraph l doesnt make sense either - page 40 it shall be unlawful for any person to smoke, use, or ingest on the premises... fermented malt beverage, malt ... or any controlled substance except in compliance with the directions on a legal prescription for the person ...
19. page 40 paragraph m - you can operate a store while using medical marijuana and not be under the influence however, you cannot be in compliance with a prescription because MJ is not by prescription just a recommendation.
20. line 1554-1555 - (o) what about caregivers
21. line 1566-1568 - what about caregivers
22. page 42 (dd) what????
23. hours of operation - please consider 11pm to 7 am - people going to work might want to pick up medicine before starting their work day so when they go home they dont have to go to the MJ store.

I had a couple more comments but ran out of time

--

The Law Offices of
Edson & Maytin, LLC

Lauren R. Maytin, Esq.
Aspen Office:
715 W. Main Street, Suite 305
Aspen, Colorado 81611
Mailing: PO Box 3098
Aspen, Colorado 81612
Phone: 970-925-2501
Cell: 970-948-7183
Laurenmaytin@gmail.com

Warren Edson, Esq.

Denver Office:
2701 Lawrence Street Suite 124
Denver, Colorado 80205
Phone: (303) 831-8188
Cell: (303) 335-8861
warrenedson@hotmail.com

THIS TRANSMISSION CONTAINS CONFIDENTIAL INFORMATION WHICH ALSO MAY BE LEGALLY PRIVILEGED AND WHICH IS INTENDED ONLY FOR THE USE OF THE ADDRESSEE(S) NAMED ABOVE. IF YOU ARE NOT THE INTENDED RECIPIENT OF THIS TRANSMISSION, YOU ARE HEREBY NOTIFIED THAT ANY USE, DISSEMINATION, DISTRIBUTION OR COPYING OF THIS TRANSMISSION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS TRANSMISSION IN ERROR, PLEASE IMMEDIATELY NOTIFY US BY TELEPHONE. NOTE: All recipients of e-mail should be aware that (1) e-mail communications is not a secure method of communication, (2) any e-mail that is sent to you or by you may be copied and held by various computers it passes through as it goes from sender to recipient, (3) persons not participating in our communication may intercept our communications by improperly accessing your computer or my computer or even some computer unconnected to either of us but through which the e-mail passed. I am communicating to you via e-mail because you have consented to receive communications via this medium. If you change your mind and want future communications to be sent in a different fashion, please advise me at once.