



# How to Balance Cannabis Production within your Industrial Community

*Lessons from Denver, Portland & Seattle*

Urban Manufacturing Alliance

Bay Area Urban Manufacturing Initiative

August 1, 2017



## Today's Agenda:

### 1. Welcome and introductions

Poll – Where are you calling from?

### 2. SFMade Welcome

Martine Neider; Regional Initiatives Manager, SFMade

### 3. What is the Urban Manufacturing Alliance?

Lee Wellington; Executive Director, UMA

### 4. Introduction to Today's Webinar and Speakers

Johnny Magdaleno; Communications & Development Manager, UMA

### 5. Seattle Case Study

David Mendoza; Senior Policy Advisor, Office of Policy & Innovation, Seattle Mayor's Office

### 6. Portland Case Study

Tyler Bump; Senior Economic Planner, City of Portland

### 7. Denver Case Study

Jill Jennings Golich; Deputy Director of Community Planning & Development, City & County of Denver

### 8. Question and Answer Session

Please type your questions into the Questions box in your Control Panel



Urban  
Manufacturing  
Alliance

## The Urban Manufacturing Alliance

*UMA is a coalition of 600 members across 200 cities that are sustaining and growing manufacturing in urban centers. Through gatherings, original research, policy development, and our Communities of Practice, UMA is working to ensure that cities continue to be places where we make things.*

Bay Area Urban  
Manufacturing

I N I T I A T I V E

A PROJECT OF SFMADE

**Manufacturing matters**, and it matters deeply to the health and vitality of cities. A strong urban manufacturing base supports innovation, sustains living-wage jobs that provide a crucial pathway to the middle class, and promotes workforce inclusion.



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# CITY OF SEATTLE CANNABIS REGULATIONS

David B. Mendoza  
Senior Policy Advisor  
Mayor's Office of Policy and Innovation

August 2017



**City of Seattle**  
Mayor Edward B. Murray

# CURRENT STATE OF THE SEATTLE MARKET

- Combined Medical & Recreational Market
  - 42 (of 48) retail locations now open
  - 6 retail locations pending
  - 79 producer/processors
  - 37 pending producer/processors
  - 80 non-Seattle businesses who sell product in the City
- Illicit Market
  - 118 storefronts (August 2015)
    - All storefronts were closed or converted to state licensed location by early July 2016.
  - 14 (down from 38 in early 2016) delivery services advertising online
    - 8 delivery services – misdemeanor charges filed – City Attorney seeking settlements
    - Weekly papers and Leafly have banned advertising. Craigslist listings have shrunk.



# ENFORCEMENT RESOLUTION

## ▶ Tier 1:

- Distributing or delivering marijuana or marijuana infused products directly to anyone under 21 years old or people other than qualifying patients.
- Under law enforcement investigation for criminal violations or public safety concerns.
- Manufacture or distribute products that mimic trademark protected products or are otherwise appealing to children.
- Operating without a business license or with a business license obtained after January 1, 2013.

## ▶ Tier 2:

- Violation of City building, fire, or other codes.
- Engaged in delivery services of marijuana for medical purposes.
- Allow consumption of marijuana or marijuana infused products on their premises.

## ▶ Tier 3:

- Distributing marijuana that has not undergone microbial and potency testing.
- Located within 500 feet of another licensed or unlicensed marijuana establishment or are within 1000 feet of a school or playground.

## ENFORCEMENT PREFERENCE

- City agencies will favor civil remedies to address compliance.
- Criminal sanctions may be imposed if civil remedies fail to gain compliance.



- Limited to only those businesses that have received a license to produce, process or distribute marijuana by the WA State Liquor and Cannabis Board (LCB).
  - LCB rules for marijuana businesses would be incorporated in a way to allow the City of Seattle to enforce.
- Non-state-licensed marijuana establishments in compliance with MUCA and enforcement guidelines allowed continue to operate without a regulatory license until July 2016.
  - *Exemption only extended to those that opened before 1/1/13.*

## REGULATORY BUSINESS LICENSE





- Upon passage of legislation FAS, wrote and/or visited 69 storefront dispensaries requesting them to close in 30 days.
- Prior to that deadline, FAS Inspectors visited 8 dispensaries and were able to purchase medical marijuana without a medical authorization at 3 locations.
  - After the closure deadline, FAS obtained search warrants and seized marijuana products from 3 locations.
  - FAS led seizures with support of two uniformed SPD officers. Neither owners nor employees were arrested or detained. Owners faced misdemeanor charges, reached settlement with CAO by agreeing to end their businesses and allow SPD to destroy seized product.
- By of July 2016:
  - All Non-WSLCB licensed storefront businesses had closed without a single arrest or criminal charge being filed.

## IMPLEMENTATION AND ENFORCEMENT



- Existing State buffer is 1000 feet from sensitive uses.
- HB 2136 allowed local jurisdictions to lower buffer to 100'.
  - Except 1000 feet from schools and playgrounds must be maintained.
- City Ordinance:
  - Lowered buffer to 500 feet in most cases.
  - Lower buffer to 250 in select downtown zones

## LAND USE LEGISLATION - BUFFERS



- No Change: Schools and Playgrounds (1000')
- General reduction from 1000' to 500'
  - Child care centers
  - Game arcades
  - Libraries
  - Public Parks
  - Transit Centers
  - Recreation centers or facilities

## SENSITIVE USES



**City of Seattle**

**Existing Marijuana Business Locations and Estimated Allowed Area for Marijuana Businesses Under Zoning Restrictions and Potential City Licensing Requirement**

**Existing Regulations**

- 500' / 1,000' Buffer for Existing State Licensed Retail Locations
- 500' / 1,000' Buffer for Existing Medical Locations
- Areas Potentially Not Allowed Under City Licensing Restrictions (see description below)
- Areas Potentially Not Allowed Under Existing Zoning Restrictions
- Estimated Allowed Areas (5,150 gross acres)

**Licensing Option Description**

Under this option, the City would not issue a license if the location was within 1,000 feet of the perimeter of the grounds of any of the following entities:

- Childcare Center
- Recreation Center or Facility
- Public Park
- Public Transit Center
- Library

Or within 1,000 feet of any of the following entities:

- Public or Private Elementary or Secondary School
- Public Playground



City of Seattle  
Edward B. Murray, Mayor

November 16, 2015

Prepared by:  
City of Seattle  
Department of Planning and Development

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This map is intended for planning-level analysis only and should not be used for determining potential compliance with regulations. The location of boundaries shown are approximate and will change over time. Areas shown as potentially allowed include right-of-way and were not analyzed to determine whether developable sites exist. City marijuana regulations do not modify Federal law.

Discussion Draft

← 1000' Buffer 5,150 gross acres of estimated allowed areas

500' Buffer → 6,800 gross acres of estimated allowed areas

**City of Seattle**

**Existing Marijuana Business Locations and Estimated Allowed Area for Marijuana Businesses Under Zoning Restrictions and Potential City Licensing Requirement**

**500' Option**

- 500' / 1,000' Buffer for Existing State Licensed Retail Locations
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- Areas Potentially Not Allowed Under City Licensing Restrictions (see description below)
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Discussion Draft

# RETAIL STORES: DISPERSION

- Two stores can be within 1000' of each other. A third store must be 1000 feet from both of the first two stores.
- Date to check for dispersion and for Land Use Code buffering is date LCB notifies City of application (Local Authority Notice date).
- Stores licensed/permitted by State/City may be “grandfathered” to Land Use Code.
- Measurements are property line to property line.



# QUESTIONS?

DAVID.MENDOZA@SEATTLE.GOV



**City of Seattle**  
Mayor Edward B. Murray



# City of Portland

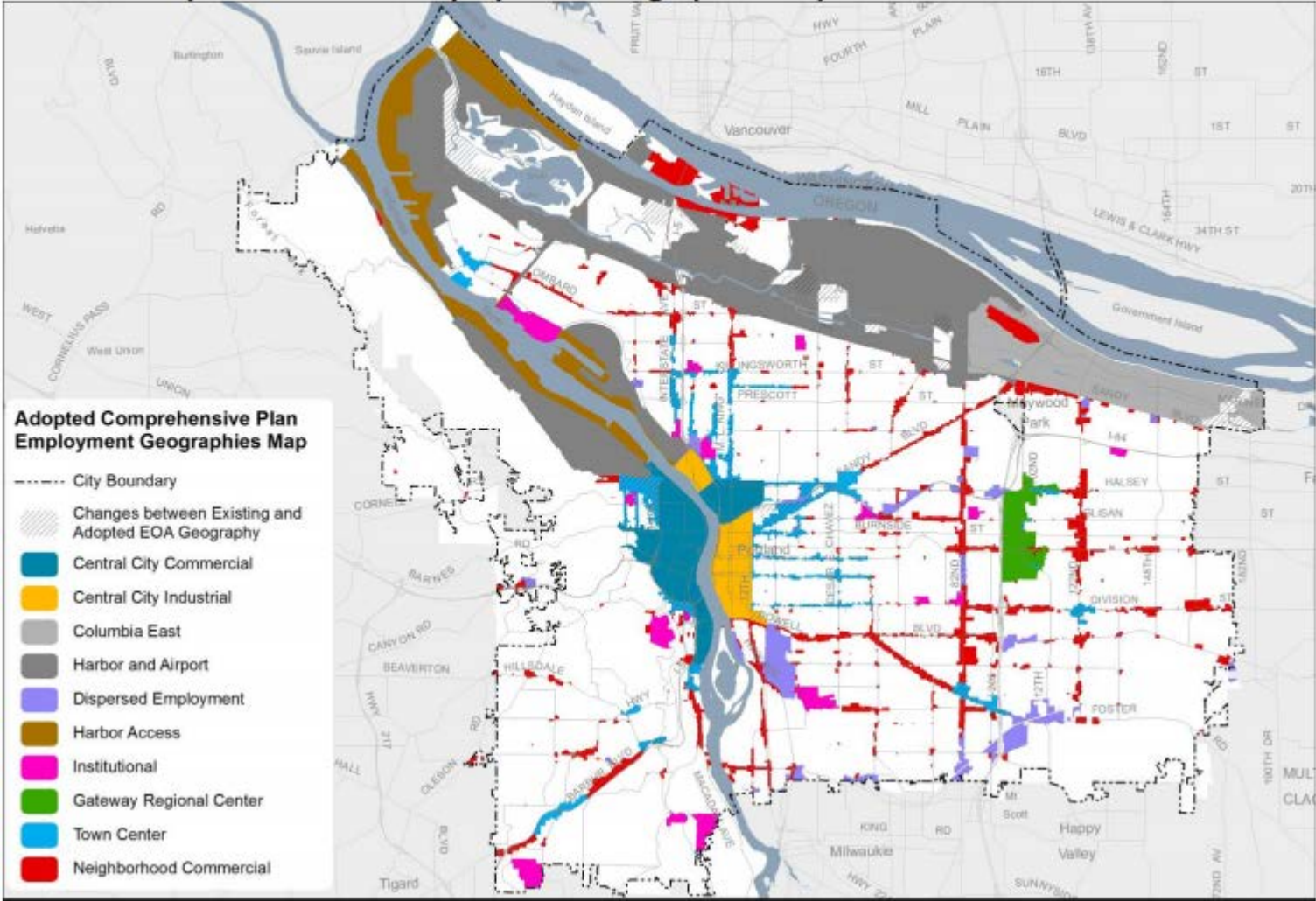
## Land Use Planning and Trends in Cannabis Businesses



Bureau of Planning and Sustainability  
Innovation. Collaboration. Practical Solutions.



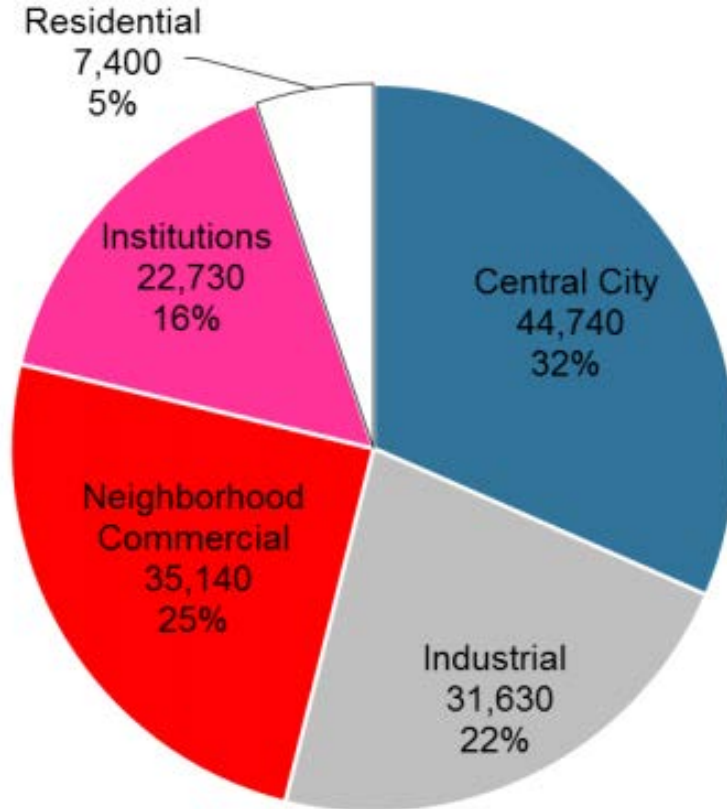
# Portland Employment Geographies



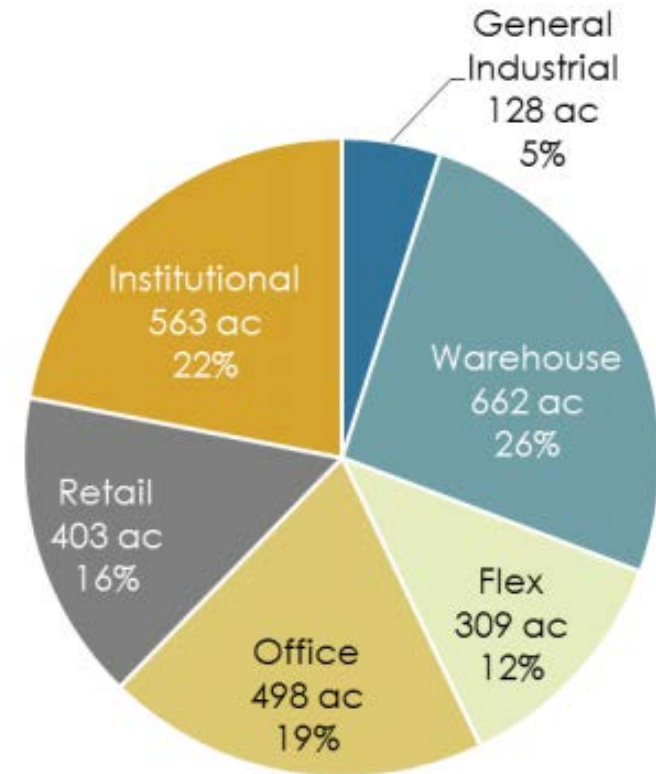


# Portland Employment Trends

2010-2035 Employment Growth Distribution



Employment Land Demand by Building Type



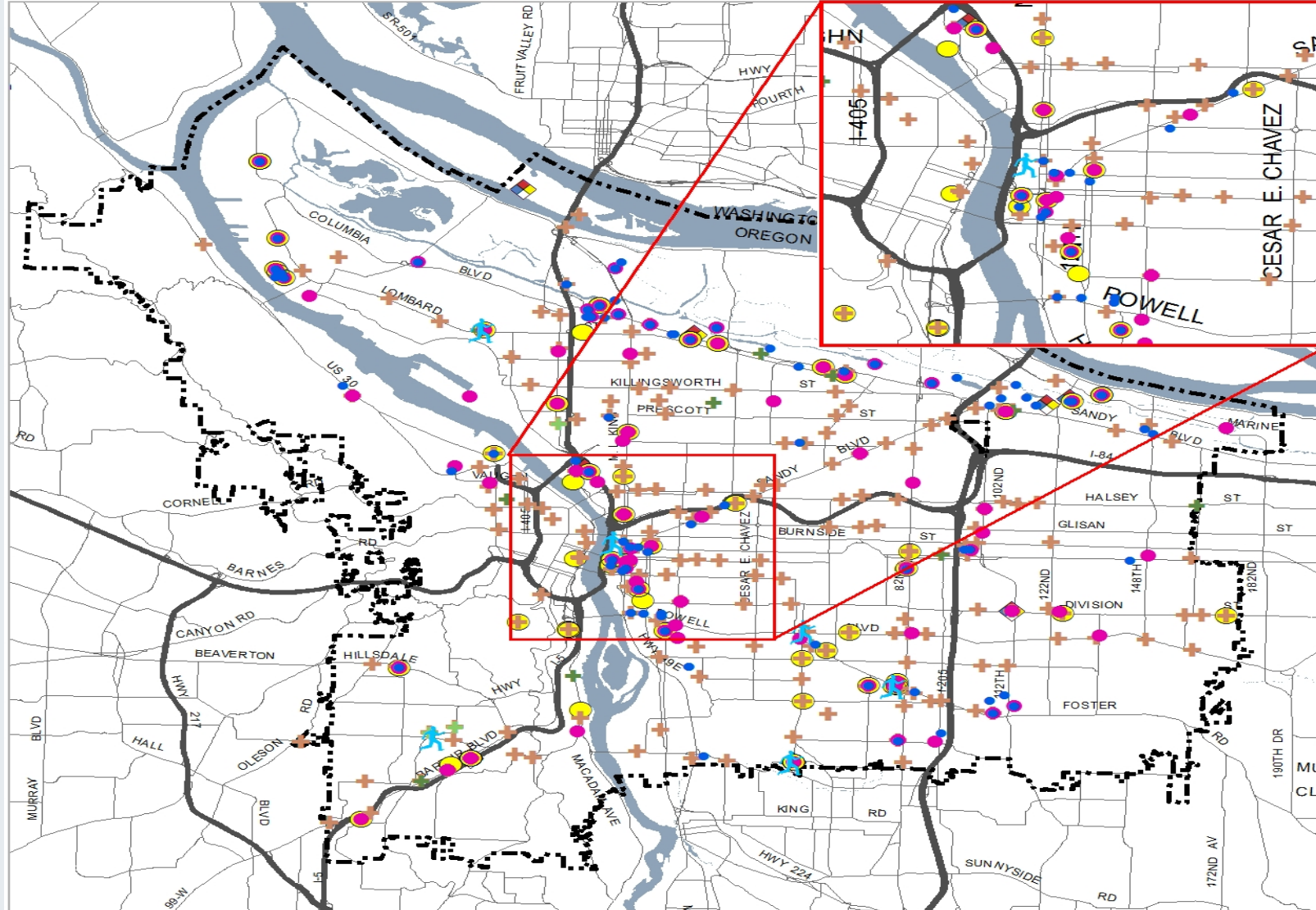
# Marijuana Business Permit Types

- Production - Indoor and outdoor growing operations. Flower trimming and product ready for wholesale/retail.
- Processing - Post flower processing including extract processing and edible manufacturing.
- Wholesale - Producer as a vendor for retail or processing businesses. Business to business transactions.
- Retail - Retail location for direct to consumer.

# State Licensing vs. Local Permitting

- Oregon Liqueur Control Commission - Implements state licensing for business consistent with the state law allowances for marijuana businesses.
- Portland Office of Neighborhood Involvement - Local permitting for location, public safety and notice requirements.

# Marijuana Business Licensing











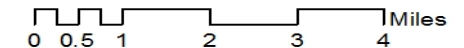
## Cannabis license applications

Portland, OR  
Permit activity through July 2017

Excludes withdrawn, abandoned or denied applications

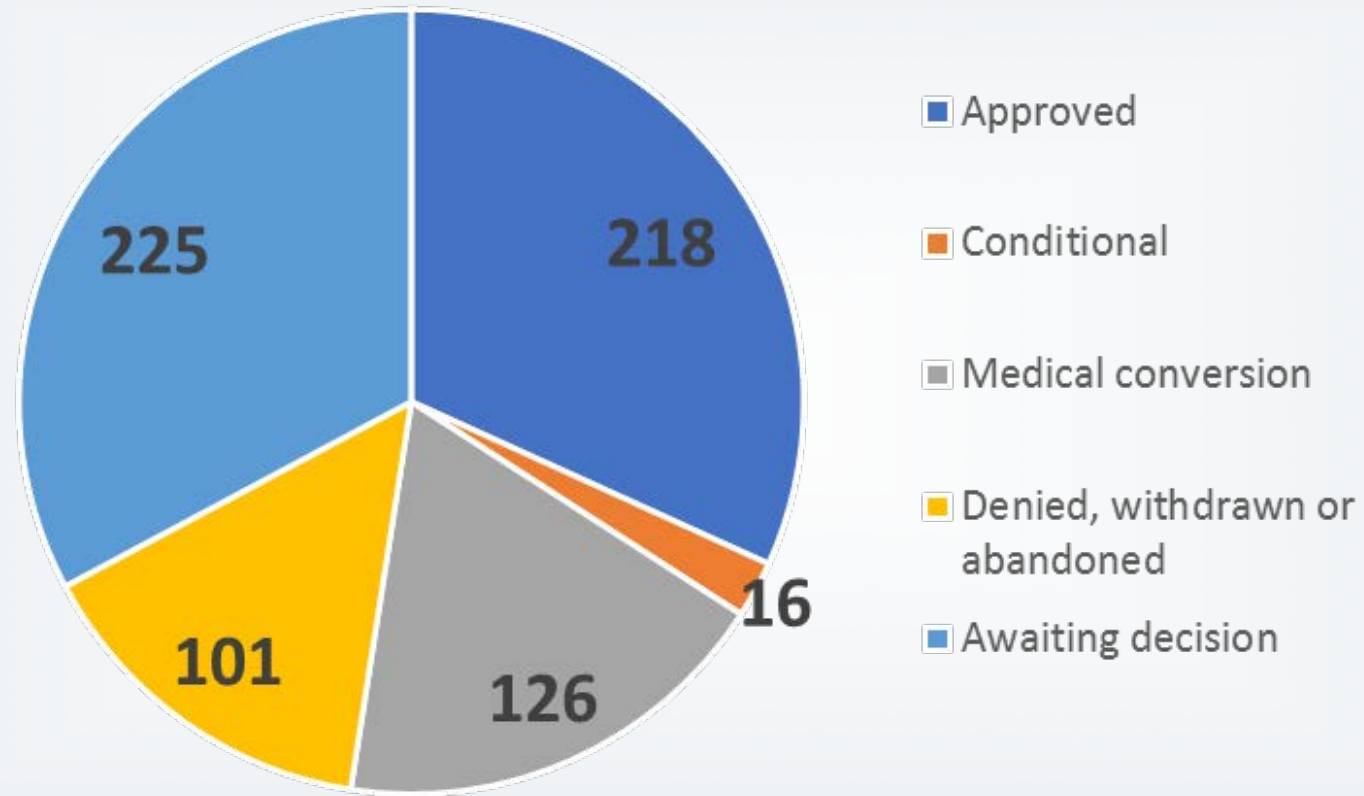
### License Type

-  Testing lab
-  Courier
-  Wholesale
-  Processing
-  Production
-  Recreational (retail)
-  Medical (retail)
-  Grandfathered medical (retail)

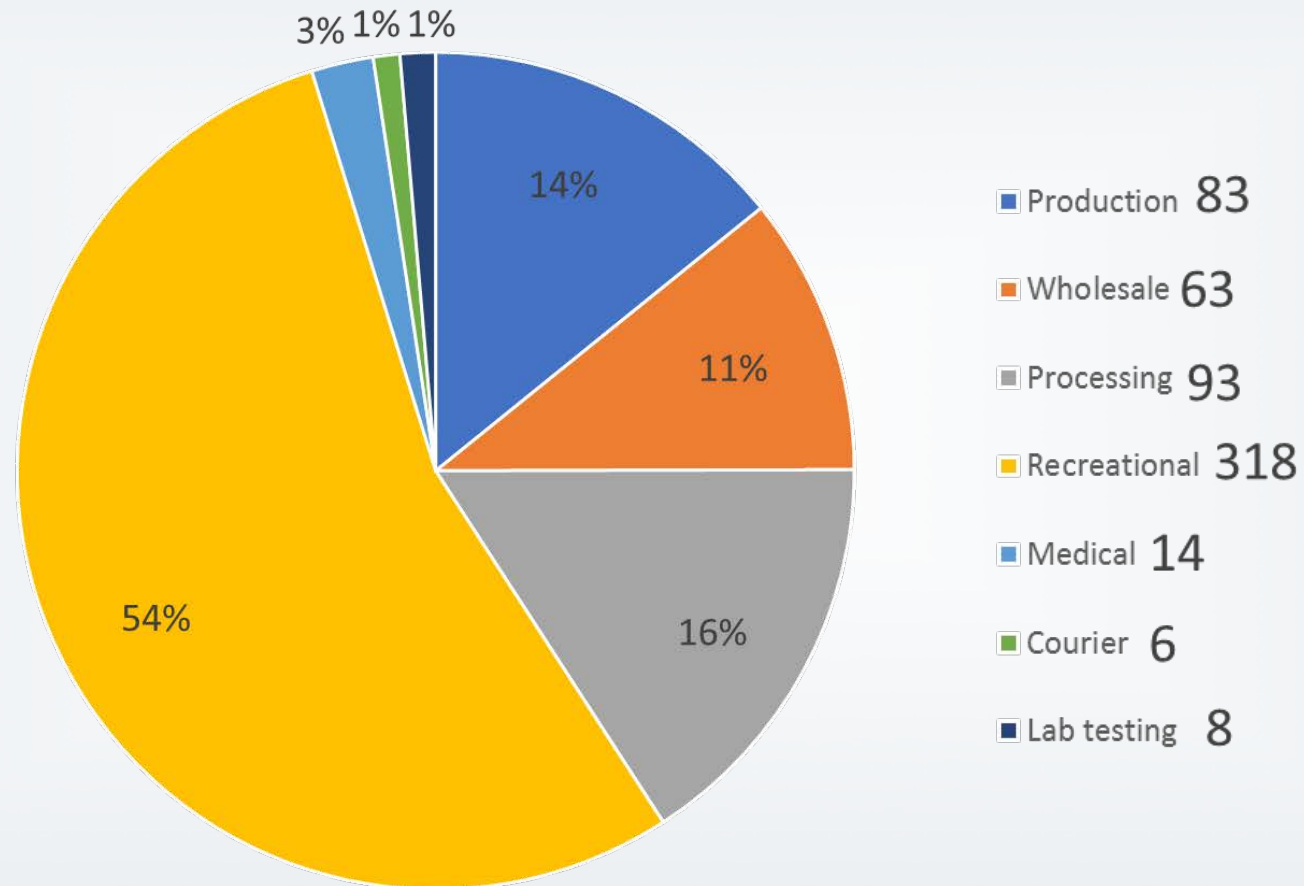


Source: City of Portland, Office of Neighborhood Involvement. Map prepared on June 27, 2017 by the Bureau of Planning and Sustainability.

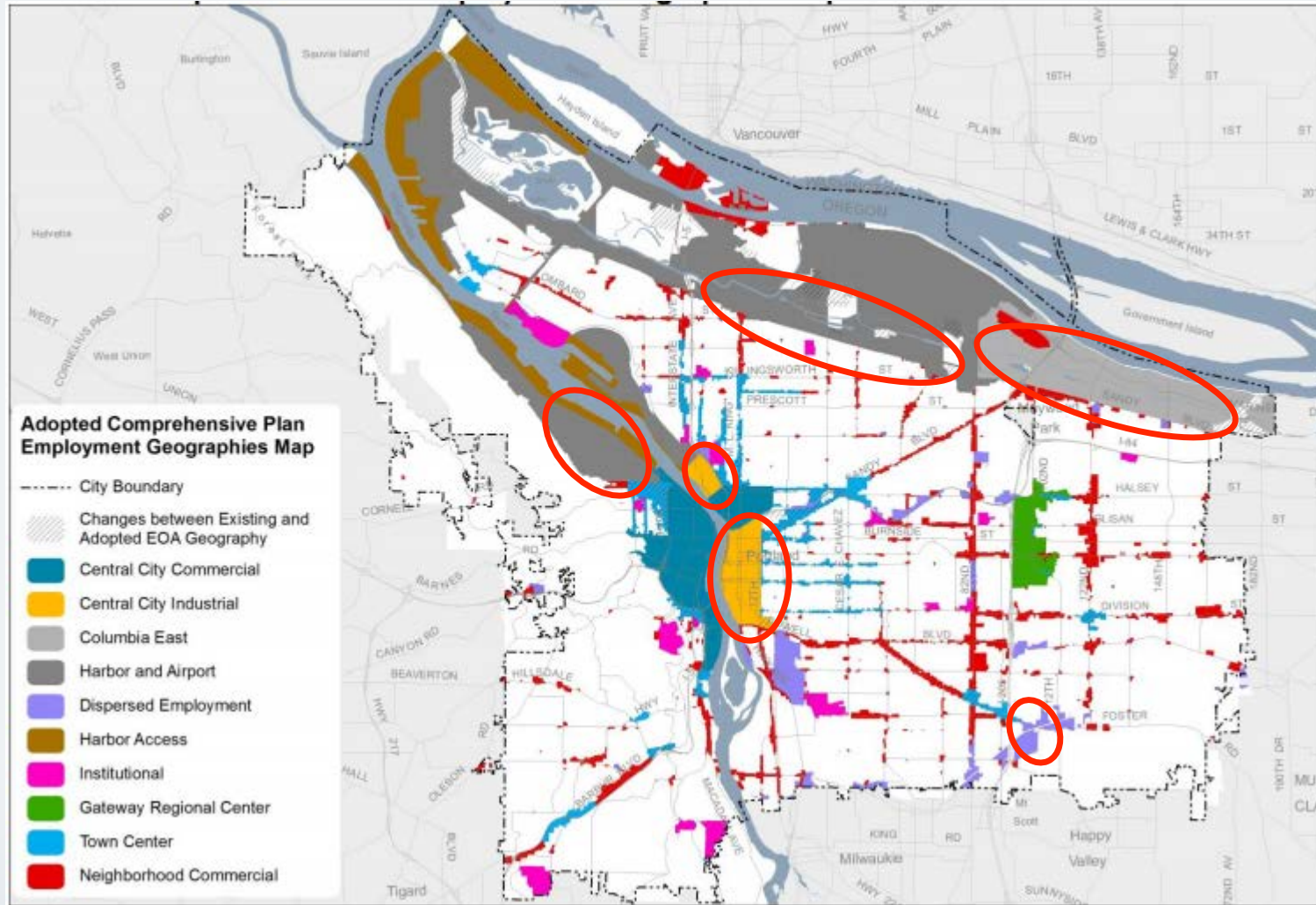
# Marijuana Business Licensing



# Marijuana Business Licensing



# Industrial Area Concentration



# Industrial Land Policies

- Promote industrial land retention and limit conversion
- Industrial Sanctuary designation for regionally significant industrial districts and freight hubs





# Canopy Size Limits

## Oregon Producer License Canopy Designations

- Indoor:
- Up to 625 square feet (Micro tier I)
- 626 to 1,250 square feet (Micro tier II)
- 1,251 to 5,000 square feet (Tier I)
- 5,001 to 10,000 square feet (Tier II)
- Outdoor:
- Up to 2,500 square feet (Micro tier I)
- 2,501 to 5,000 square feet (Micro tier II)
- 5,001 to 20,000 square feet (Tier I)
- 20,001 to 40,000 square feet (Tier II)

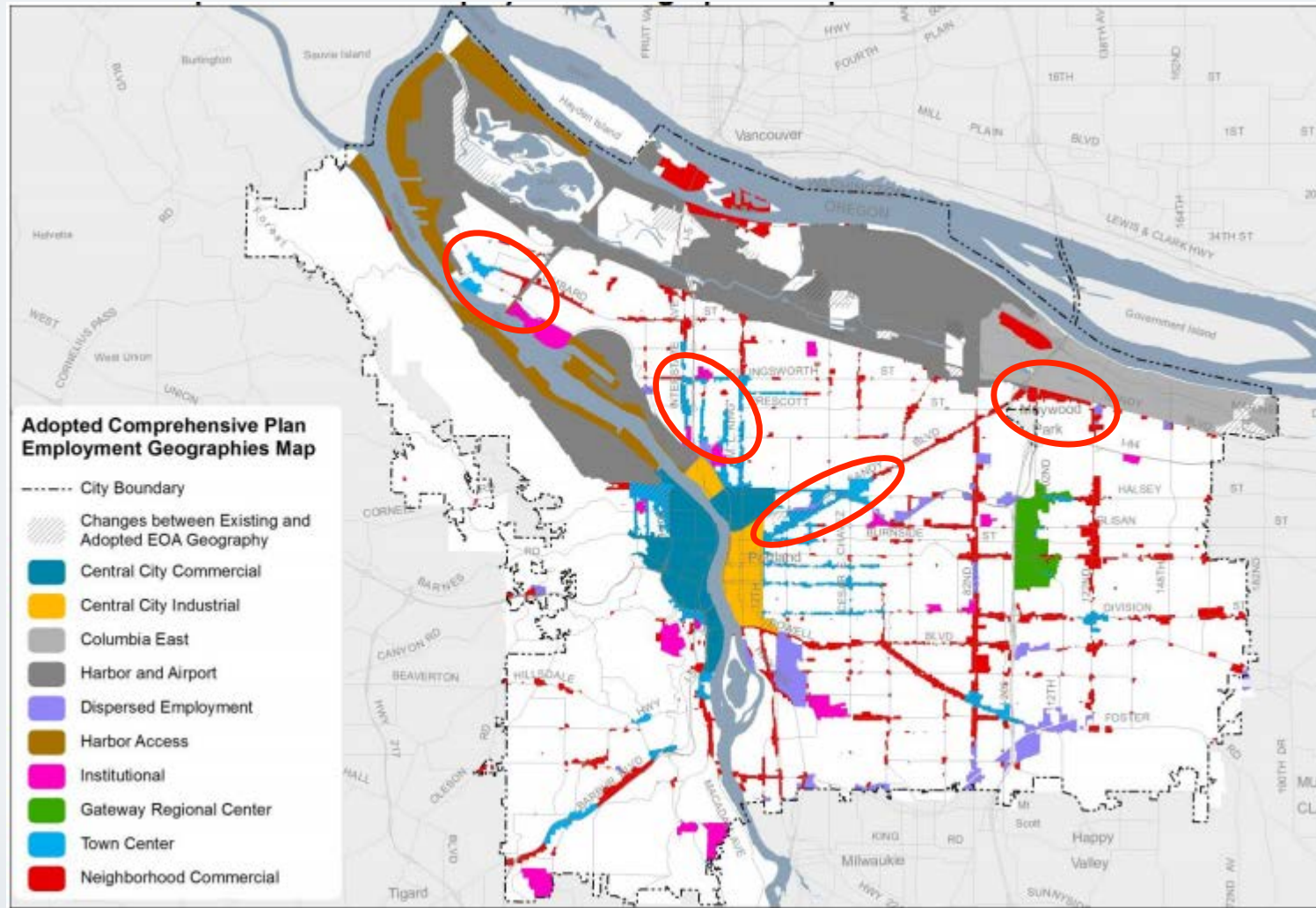
# Monitoring for Impact

## Oregon Producer License Canopy Designations

- Issues we are tracking
- Stacking of multiple production licenses on one site
- Vertical integration of business functions e.g.- production, processing, wholesale on one site.
- Quality of job and employment opportunities:
  - Middle wage jobs (\$15-\$20 per hour)
  - Benefit eligibility
  - Working conditions



# Retail Concentration



# Retail and Public Realm

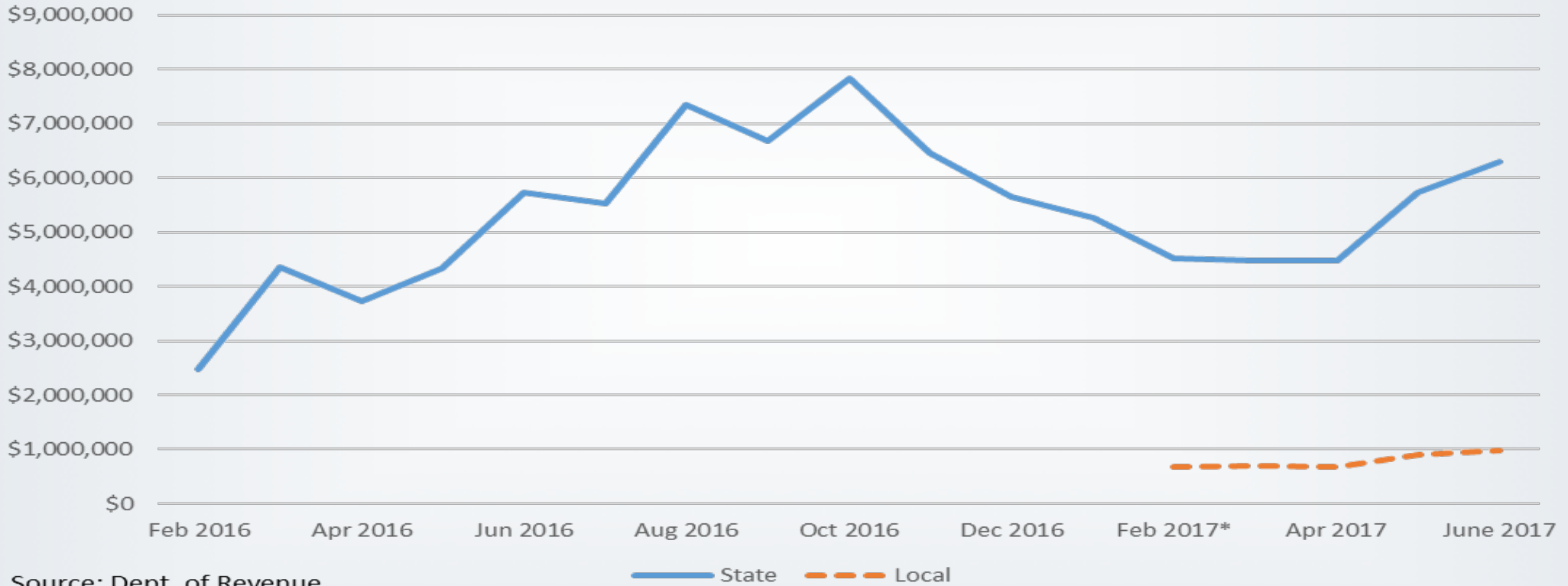


# Retail and Public Realm



# Tax Revenue

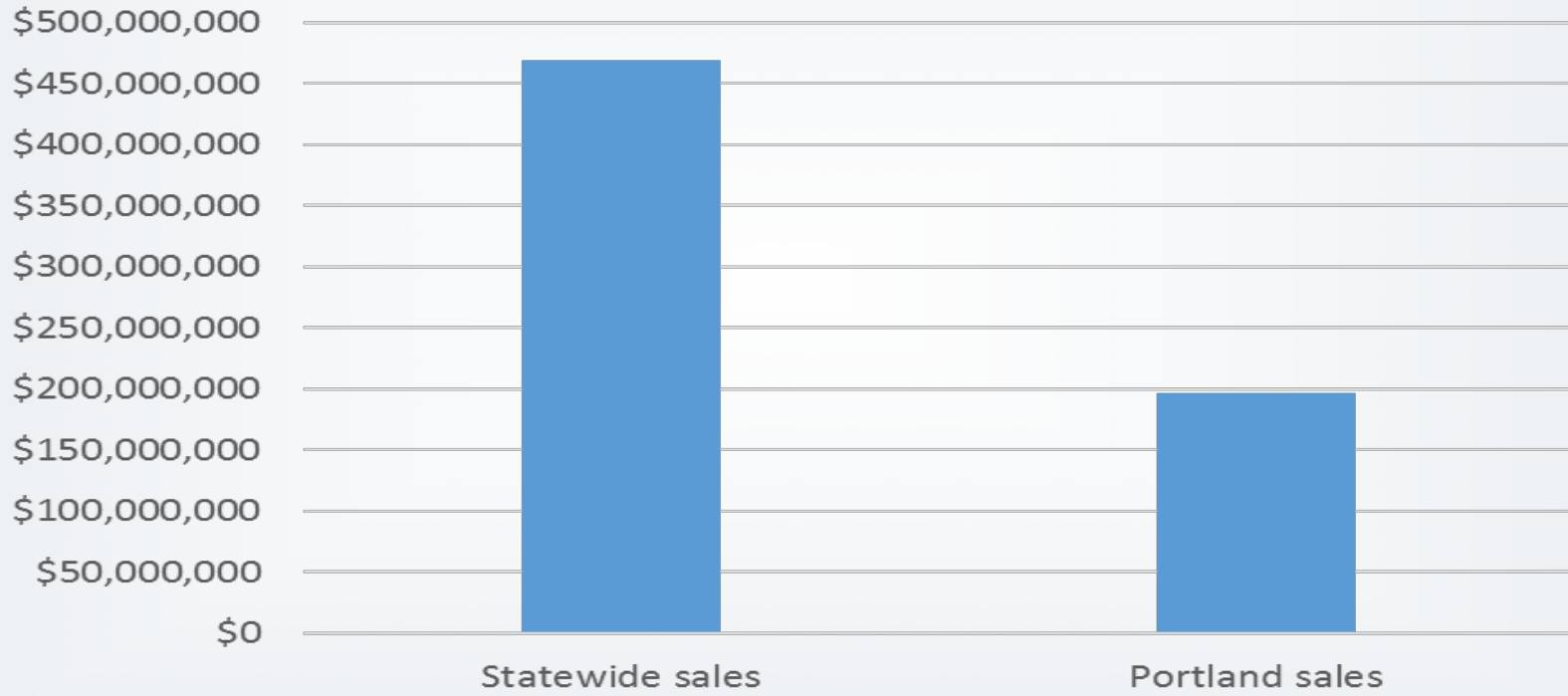
## State of Oregon Marijuana Tax Receipts



Source: Dept. of Revenue

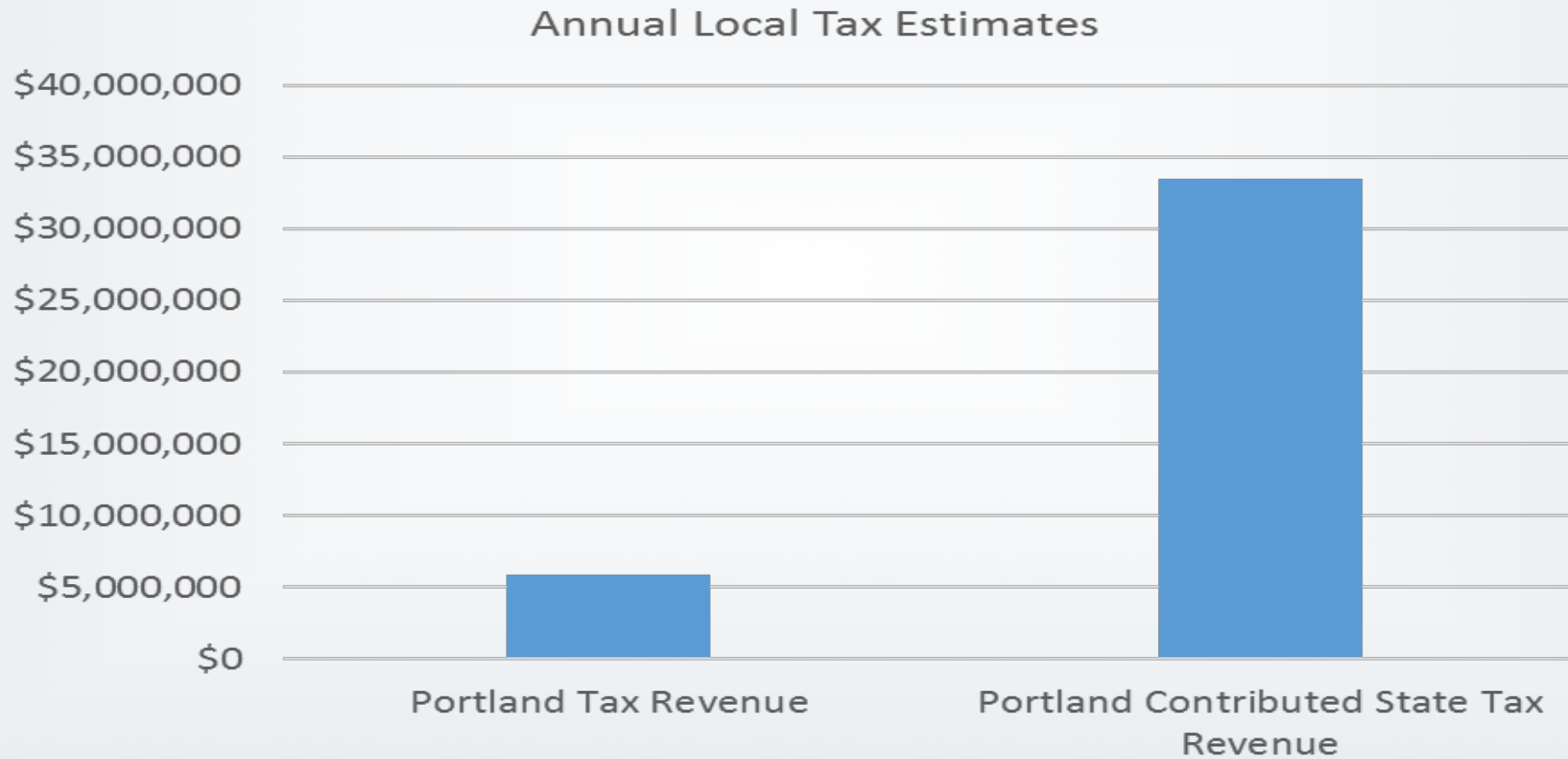
# Tax Revenue

Annual FY2017 Sales Estimates



# Tax Revenue

- Local sales tax approved on November 2016 ballot at 3% of retail sales
- Estimates of local sales tax generation based on FY2017 state tax receipts





# Questions

**Tyler Bump**

**Senior Economic Planner**

**City of Portland Bureau of Planning and Sustainability**

**[tyler.bump@portlandoregon.gov](mailto:tyler.bump@portlandoregon.gov)**



**DENVER**  
THE MILE HIGH CITY

# Denver's Regulatory Framework for Marijuana

Jill Jennings Golich

Deputy Director, Community Planning and  
Development

- Implemented a city-wide new zoning code in 2010 to better implement city and neighborhood plans
  - Context-based approach as framework for new zones
  - Creation of new “Industrial Mixed-Use” zone districts
- Decision in 2010...Which regulatory approach to govern the location and operation of MJ businesses?

Area of Regulation	Licensing “Privilege”	Zoning “Property Rights”
<b>Business Operations</b>	<p style="text-align: center;"><b>Yes</b></p> <p>Address security, owner character and criminal record, public health, security, marketing, limits on clientele and employees; need approval for expansions</p>	<p style="text-align: center;"><b>Not Typically</b></p> <p>Sometimes hours of operation are limited to reduce external impacts on adjacent residential zones</p>
<b>Location</b>	<p style="text-align: center;"><b>Yes</b></p> <p>Usually refers to zoning (e.g., MMJ ordinance); may include distance requirements (e.g., liquor licenses)</p>	<p style="text-align: center;"><b>Yes</b></p> <p>Similar uses with similar impacts are typically allowed in same zone; may include distance requirements (liquor; industrial; outdoor uses)</p>
<b>Administration / Remedies</b> 1. Inspection prior to license? 2. Annual Renewal? 3. Regular Inspections? 4. Revocation allowed?	<ol style="list-style-type: none"> <li>1. <b>Yes</b></li> <li>2. <b>Yes</b> - annual renewal and fee</li> <li>3. <b>Yes</b> - right of entry and regular inspections</li> <li>4. <b>Yes</b> – revocation specific to operator; emergency suspension allowed</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Yes</b></li> <li>2. <b>No</b></li> <li>3. <b>No</b> - enforcement on complaint basis only</li> <li>4. <b>Yes</b> – revocation specific to the property</li> </ol>
<b>Retroactive Application / Grandfathering</b>	<p style="text-align: center;"><b>Yes</b></p> <p>Licenses are granted or denied regardless of when business was established</p>	<p style="text-align: center;"><b>Not Typically</b></p> <p>Previously established uses no longer allowed in zone are “nonconforming” - may continue with limits on expansions and reestablishment</p>

- Denver decided to use its licensing laws as the primary regulatory tool for MJ businesses
- Conscious decision not to create distinct land uses just for MJ businesses in the zoning code – but have had to add MJ language to the code over time
- MJ businesses are regulated entirely within the city’s business licensing laws, which in turn cross-reference zoning land uses

- Marijuana businesses are regulated via licensing laws, which state business must be permitted as one of the following specific zoning uses:

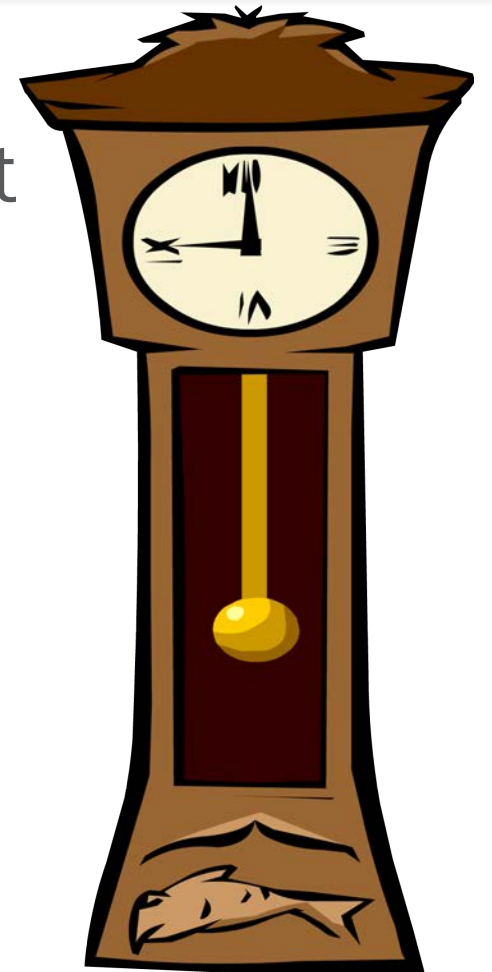
Land Use	License
Plant husbandry	MJ optional premises cultivation
Commercial Food Preparation & Sales; General Manufacturing; or Heavy Manufacturing	MIPS - infused products manufacturing license
Retail Sales, Service & Repair, all others	MMJ centers and MJ retail store
Laboratory, Research, Development and Technological Services	Retail MJ Testing Facility
Terminal, freight, air courier services	Marijuana transporter
Wholesale trade or storage, general	Off-premises storage facility

- Zoning doesn't recognize any difference between medical and recreational MJ
- Licensing code prohibits dispensaries in certain low-scale neighborhood zone districts, even though those districts allow general retail sales



# Complications: Timing is Everything

- 2010 and 2011: Denver made a conscious decision to “grandfather” business locations that existed before city’s permanent licensing regulations were enacted
  - Necessary because of the 10 year gap before any formal regulation by either the state or the city after Amendment 20’s passage legalizing medical marijuana

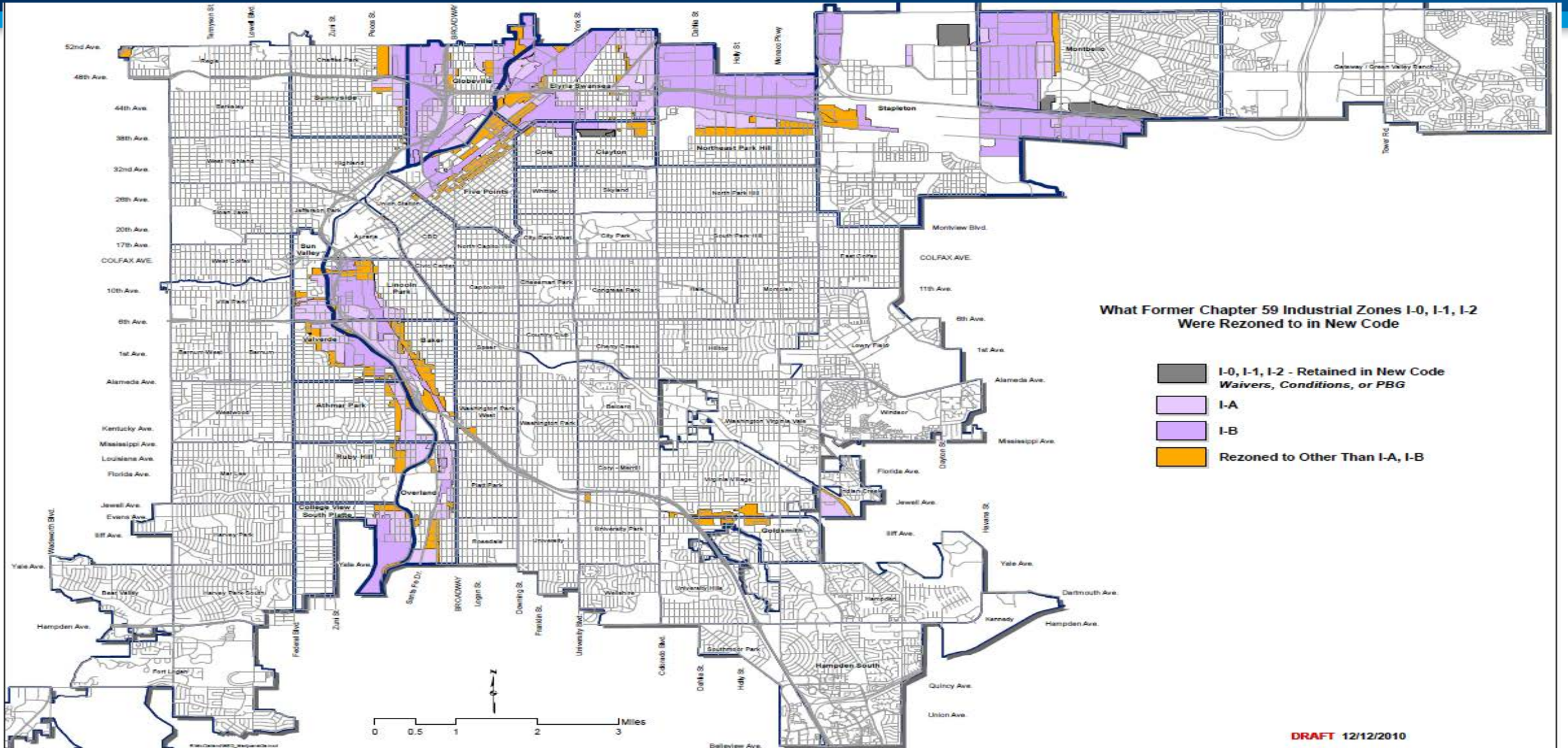




- **2010:** While Denver was enacting new MMJ licensing laws, Denver adopted its new Zoning Code
  - Some previously mapped industrial areas were rezoned to less intensive mixed use zone districts
  - Some previously mapped general business areas were remapped to more limited neighborhood commercial zones
- **Result:** Creation of “nonconforming” MJ businesses permitted by zoning before 2010 (growing, manufacturing, and selling)
- **Now:** Both “grandfathered” businesses under licensing laws and “nonconforming” businesses under zoning laws



# 2010 DZC Map Industrial Districts



- In 2013, City Council approved based on CPD recommendation a clarification that marijuana grows operate as “plant husbandry” and require full enclosure – so 500 ft spacing from residential zone districts no longer applied to MJ Grows
- With 2016 capping bill, licensing now requires a 1000 ft spacing from residential zone districts

- With legalization of recreational marijuana, MJ edibles market exploded and continues to grow
- Licensing *originally* allowed “MIPs” under only 2 zoning land uses:
  - Food preparation & sales, commercial
  - General manufacturing



- Extractions occurring under licensed-recognized “food prep” zoning use – too intense?
- Solvent-based MJ extraction activities were classified as “heavy manufacturing” under zoning (like perfume factories) because of use of toxic and explosive materials
  - MIPs licensing scheme did not recognize this zoning use



- **Result:** New definitions of MJ extraction-related terms added to zoning (below). Incorporated different scales/intensities of MJ extraction into existing zoning definitions of food prep and manufacturing.
  - “Extraction, food-based”
  - “Extraction, solvent-based”
  - “Marijuana concentrate”
  - “Marijuana-infused product”
  - “Food” does not include marijuana concentrate

- **Result:** Zoning “Commercial food preparation & sales” use limits types of extraction that can occur under that use and indicates you must make food
- **Result:** Refined General/Heavy Manufacturing use definitions to account for different scales/intensities of extractions:
  - General (allowed in more parts of city): Solvent-based extraction activity capped at 3,000 sf of gross floor area in any 1 building
  - Heavy (restricted to city’s purely industrial areas): Greater than 3000 sf of solvent-based extraction gross floor area in any 1 building

- I-B is the City's most intense industrial zone district
- Retail sales is allowed but you can only:
  - Sell what you make on site
  - Sell to the general public what you store on site
- Intent - keep the area industrial
- Marijuana stores located in the I-B district want to sell more than they make, and are arguing if they store a product on site it can be sold
- Will likely result in an appeal to our Board of Adjustment and a change to our zoning code



- Moratorium on new recreational marijuana businesses was to expire
- Argued for continued moratorium but City Council decided to pursue a cap on grows and stores only as well as add additional location restrictions
- Total number of available sales and grow locations capped at no more than 467



**DENVER**  
THE MILE HIGH CITY

# Thank You!

Questions?

Contact Jill: 720-865-2909 or  
[Jill.jenningsgolich@denvergov.org](mailto:Jill.jenningsgolich@denvergov.org)



# Question & Answer Session

To ask a question **type your question** under the “Question” section on your control panel and we will read your question to the group. Please include your organization with your question.



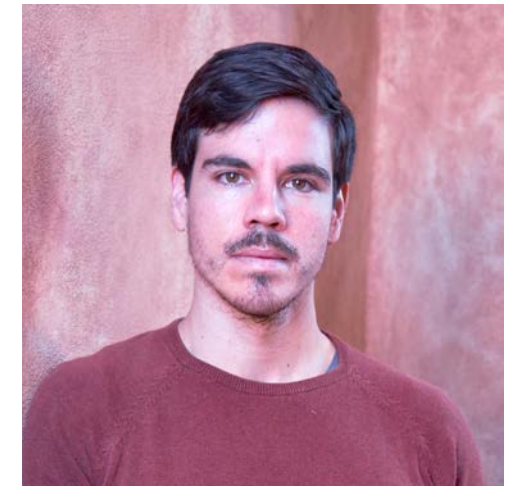
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