

TOWN COUNCIL STAFF REPORT

Subject: Cannabis Update and Discussion

Meeting Date: January 17, 2018

Written by: Nolan Bobroff, Assistant Planner

RECOMMENDATION: The Town Council is requested to discuss and provide direction on the proposed Town of Mammoth Lakes cannabis regulations.

BACKGROUND:

The Town of Mammoth Lakes (“Town”) has allowed medicinal cannabis activities since 2010 and currently has the following approved medicinal cannabis operations:

- Two (2) use permits for medical cannabis cooperatives/dispensaries
- Two (2) use permits for medical cannabis manufacturing activities
- One (1) use permit for the storage of cannabis plant material

Below is a summary of cannabis related ordinances, laws, and other relevant regulatory actions that have occurred since medical cannabis was legalized within the Town of Mammoth Lakes in 2010:

- **June 2010** – Measure M approved by the voters of the Town of Mammoth Lakes to allow a maximum of two medical marijuana cooperatives within the Town.
- **September 2015** – The CA Legislature adopted the CA Medical Cannabis Regulations and Safety Act (MCRSA), which created a comprehensive state licensing system for medical cannabis. Temporary licenses issued by the State became effective on January 1, 2018.
- **November 2016** – The CA voters adopted Proposition 64, commonly referred to as the “Adult Use of Marijuana Act” (AUMA) which allows the personal, recreation use of marijuana by adults over the age of 21. State issued temporary licenses for recreational commercial marijuana, when authorized by local agencies, became effective on January 1, 2018.
- **June 2017** – The CA Legislature approved Senate Bill (SB) 94, commonly referred to as the “Medicinal and Adult-Use Cannabis Regulation and Safety Act” (MAUCRSA), which consolidated the licensing requirements for medicinal- and adult-use cannabis into one set of regulations.
- **September / October 2017** – The Town adopted and then extended the moratorium on new cannabis businesses within the Town until September 6, 2018, at the latest.
- **December 2017** – The State released the emergency regulations package for medicinal and adult-use cannabis businesses, which implement the MAUCRSA.
- **January 2018** – The State began issuing temporary licenses for medical and adult-use cannabis businesses throughout the state. All temporary licenses require authorization from the local agency prior to issuance and are valid for 120 days. *(Note: All of the medical cannabis businesses within the Town have been approved for temporary licenses from the State.)*

TOML CANNABIS WORKING GROUP

The Town assembled a Cannabis Working Group comprised of Town Planning, Finance, and Police Department staff; Fire and Water District staff; members of the Town Council and Planning and Economic Development Commission; and Mono County staff from Planning, Finance, and the Administrators office. Below is a summary of the items discussed at the working group meetings:

- **Taxes**

The working group discussed various tax scenarios and timing and the recommendation from the group was to retain a consultant who specializes in the development of cannabis tax ballot measures. Mono County staff indicated they had entered into a contract with Hdl to provide assistance with their tax measure. Based on the County's use of Hdl and the Town's previous use of Hdl for sales tax reporting, the Town has entered into a contract with Hdl. A draft tax ordinance is expected from Hdl at the end of January and will be discussed at the Town Council meetings in February in anticipation of placing the tax measure on the general election ballot in June.

- **Peer Resort Comparison**

At the first working group meeting in September 2017, it was suggested to look at what peer resort communities in Colorado had done with regards to legalization of cannabis and provide a summary of issues they had encountered. Staff analyzed seven resort communities in Colorado and were able to draw relevant conclusions from each community about the successes and/or failures of various ways of regulating cannabis businesses. The comparison report was presented at the working group meeting in November 2017 (See attachment 1 for the Peer Resort Comparison, dated November 2017).

- **Buffers**

Based on the conclusions drawn from the Peer Resort Comparison, the working group provided feedback that it was logical to use a land use approach to determine where cannabis retailers could be located. Based on that feedback, staff proposed using buffers from sensitive land uses and minimum distance requirements between cannabis retailers to regulate the locations. The alternative to this approach would be to select an arbitrary number of retailers that would be permitted within the Town. At the December 2017 working group meeting, a series of maps were presented to the group showing the areas that could be available for a cannabis retailer based on various buffer scenarios.¹ The recommendation from the working group was to use the State required 600-foot buffer from schools (K-12), day care centers, and youth centers and require a minimum separation of at least 500-feet between cannabis retail businesses and add a 600-foot buffer from parks for cannabis retail businesses. For other commercial cannabis uses (i.e., manufacturing, testing, distribution, and cultivation), the recommendation was to only use the State recommended buffers from schools (K-12), day care centers, and youth centers since these uses will generally only be permitted in the Industrial zone. Additional information about the proposed buffers and the maps showing the various areas where retail sales could be permitted are discussed in more detail below in the Analysis/Discussion section.

- **Industrial Zone Uses**

Staff presented information on various quasi-industrial cannabis activities, such as cultivation, manufacturing, distribution, and testing to the working group and discussed the various issues associated with each use. Staff indicated that at a recent workshop staff had attended, the presenters provided the following impact summary of the various commercial cannabis uses:

¹ The areas are dependent on the availability of retail space and the willingness of the property owner/ landlord to lease space to the cannabis retailer.

- The impacts of manufacturing, distribution, and testing are relatively benign and that the use should be treated the same as any other industrial use. Specific operating standards related to security measures, fire protection requirements, and product handling will minimize impacts for the surrounding area.
- The impacts of cultivation are unique and are related to odor and plant theft. By allowing indoor cultivation only, the risk of plant theft can be minimized through the implementation of adequate security measures and odor issues can be minimize by requiring specialized air filtering and ventilation.
- The impacts of retailers are the most evident and are mostly related to loitering and public use of products.

The following summarizes the recommendations of the working group for the Industrial zone:

- Cannabis retailers should not be permitted in the Industrial zone since the use is not consistent with the intended purpose of the Industrial zone and the lack of visibility and traffic during the evening hours, which could lead to an increase in crime.
- Based on the increased fire danger and the numerous unknowns associated with volatile extraction, manufacturing that utilize volatile solvents (i.e., butane, hexane, propane) for extraction should not be allowed.
- There is no definitive data to support a need to place a limitation on the number of commercial cannabis businesses in the Industrial zone. The recommendation of the group was to monitor the number of inquiries or applications that are received for cannabis businesses in the Industrial zone and if the need arises due to a lack of available space for other industrial uses, implement a cap on the number of cannabis businesses allowed in the Industrial zone.
- With regards to operating and development standards, the group recommended looking at the standards adopted in other cities and in the State regulations.

- **Personal Cultivation**

Under the AUMA, adults 21 years of age or older are allowed to possess and use up to 28.5 grams of marijuana and up to 8 grams of concentrated cannabis, and to possess up to six (6) living cannabis plants and the cannabis produced by those plants. The AUMA allows cities to prohibit outdoor growing of cannabis and to enforce reasonable regulations to regulate the indoor growing of cannabis.

The recommendations of the working group was to prohibit outdoor grows and for indoor grows, review the regulations other agencies have adopted. A summary of the regulations that other agencies have adopted for personal cultivation is included as Attachment 2.

ANALYSIS/DISCUSSION:

The following information is intended to provide background information on the topics that will be discussed during the meeting and provide potential regulations that will be included in the text of the cannabis regulations.

- **Buffer Areas**

The recommendation from the working group was to use the State required 600-foot buffer from schools (K-12), day care centers, and youth centers for all cannabis businesses and for cannabis retail businesses include an additional 600-foot buffer from parks and require

a minimum of 500 feet between cannabis retailers. For reference purposes, the County's regulations will require a 600-foot buffer from schools (K-12), day care centers, youth centers, parks, ballfields, playgrounds, libraries, community centers, and licensed child care facilities.

The Town's current requirements, which are only applicable to medical marijuana cooperatives located in the commercial zones, require a 1,000-foot buffer from schools (K-12), parks, and libraries and require a minimum separation of 500 feet between cooperatives. The existing 1,000-foot buffers combined with the State required additional buffers from day care centers and youth centers would severely limit the potential areas that any additional cannabis retail businesses could open. Under this scenario, 3 – 4 cannabis retail businesses could be located within the Town based solely on the eligible areas, but the majority of the eligible parcels are developed with existing uses which would preclude the siting of a cannabis retailer and a maximum of one (1) additional retailer would be the likely result.

When the buffer areas that were recommended by the working group are used (600 feet from schools, day care centers, youth centers, and parks and 500 feet between retail businesses), there would be the potential for 4 – 5 cannabis retail businesses based solely on the eligible areas, but based on the existing uses on the eligible parcels, it is likely that a maximum of 1 – 2 additional retailers would be able to find suitable retail space.

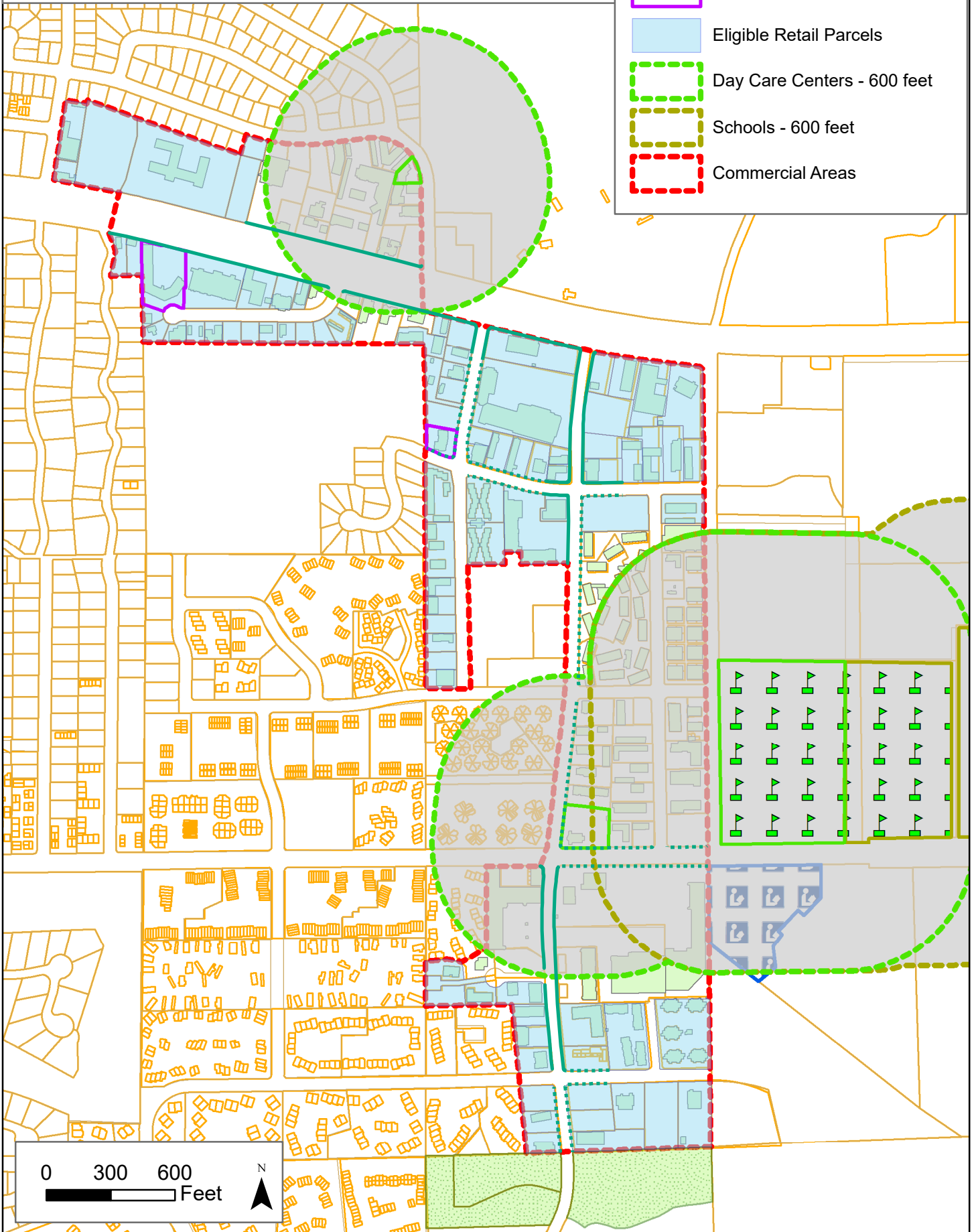
The following maps show the various buffer scenarios.

- Option A utilizes the State 600-foot buffers only. Under this scenario, large areas of the Downtown and Old Mammoth Road commercial zones would be available for cannabis retail businesses.
- Option B utilizes the State 600-foot buffers and requires a separation of at least 500 feet between cannabis retail businesses. Under this scenario, the location of eligible parcels include the northeastern portion of the Downtown zoning district and the southern portion of the Old Mammoth Road zoning district.
- Option C utilizes the State 600-foot buffers and requires a separation of at least 500 feet between cannabis retail businesses and includes a 600-foot buffer from parks for cannabis retail businesses. Under this scenario, the location of eligible parcels is primarily located in the northeastern portion of the Downtown zoning district.

Based on the research of peer resorts in Colorado, staff recommends including a minimum separation requirement in order to avoid an over-saturation of retail businesses in one area of Town. With regards to whether the buffer area should be 600 feet or 1,000 feet from sensitive uses, there is no definitive data that shows a larger buffer results in any less impacts. With regards to whether or not to include parks, the future Multi-Use Facility will be considered a youth center based on the state definition of youth centers and a 600-foot buffer would be applied to Mammoth Creek Park. By initially including parks as a sensitive use, it prevents a cannabis retail business from being located in an area that is in close proximity to the future multi-use facility. The uses proposed for the Industrial zone would not be subject to the separation requirements or the park buffer since those uses are not open to the general public, will not have retail sales, and the potential impacts of over-saturation are not applicable.

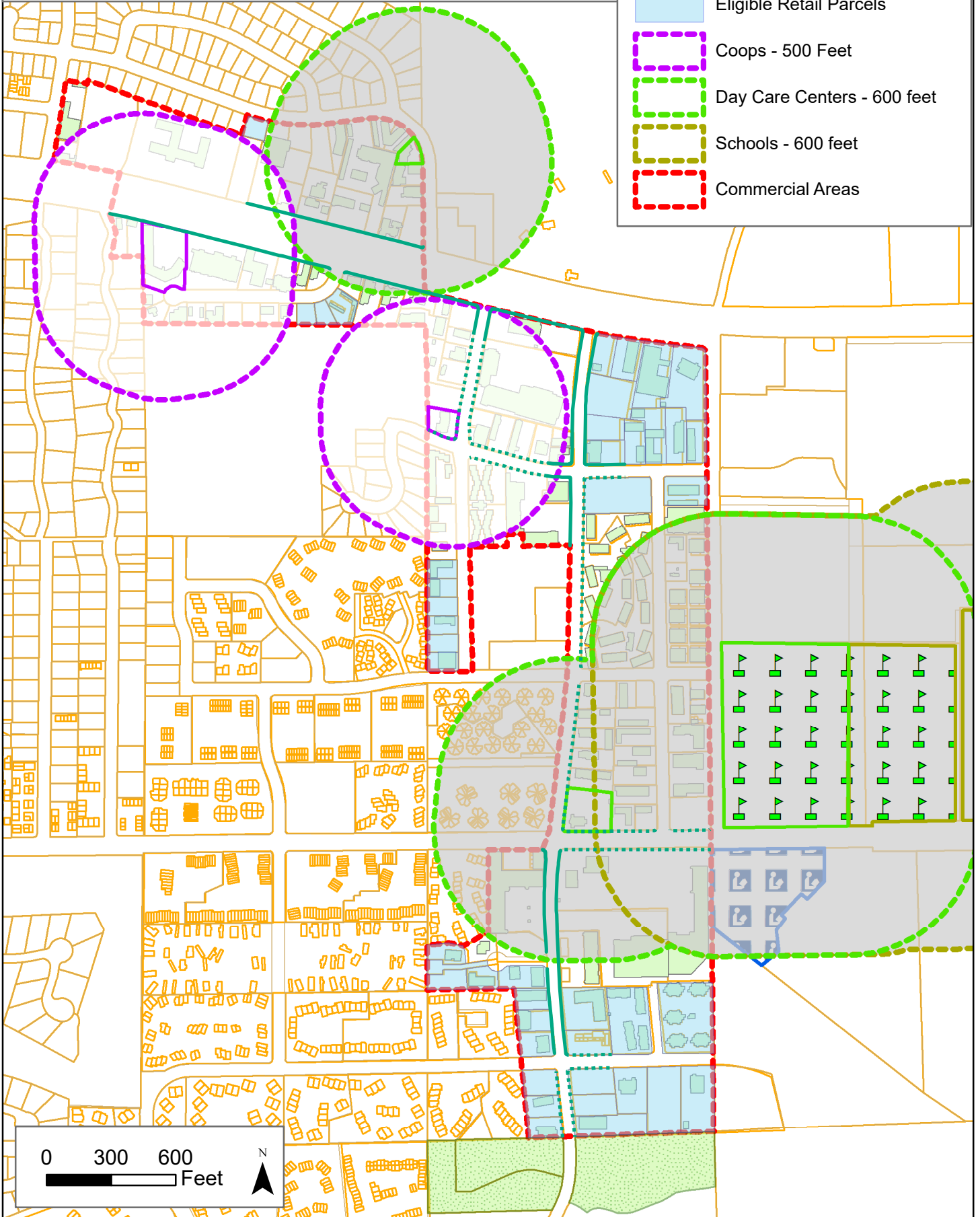
Option A - State Regulations Only

-  Current Dispensary Locations
-  Eligible Retail Parcels
-  Day Care Centers - 600 feet
-  Schools - 600 feet
-  Commercial Areas



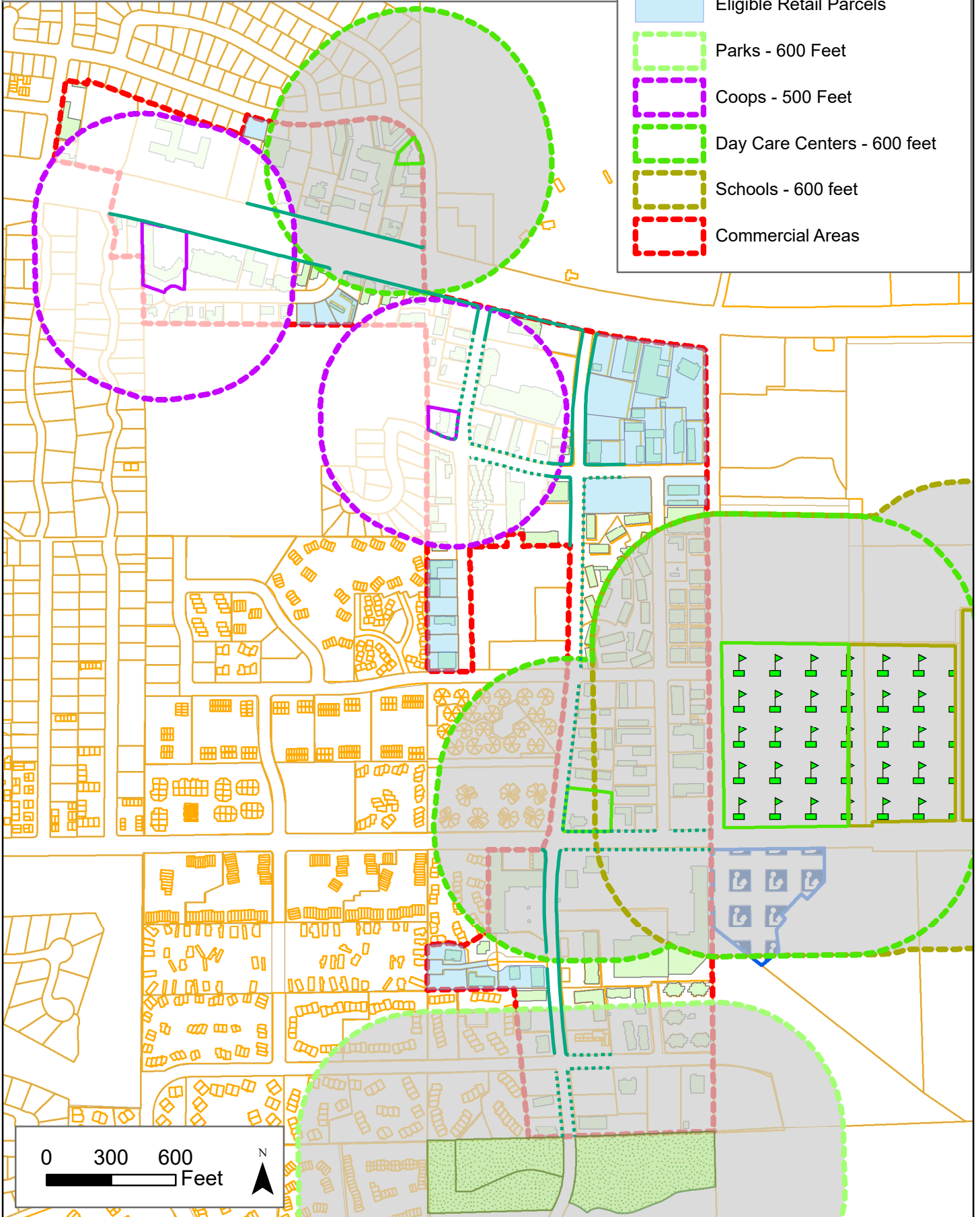
Option B - State Regulations + Buffer Between Retailers

-  Current Dispensary Locations
-  Eligible Retail Parcels
-  Coops - 500 Feet
-  Day Care Centers - 600 feet
-  Schools - 600 feet
-  Commercial Areas



Option C - State Regulations + Parks + Buffer Between Retailers

-  Current Dispensary Locations
-  Eligible Retail Parcels
-  Parks - 600 Feet
-  Coops - 500 Feet
-  Day Care Centers - 600 feet
-  Schools - 600 feet
-  Commercial Areas



- **Commercial Cannabis Uses**

The proposed commercial adult-use cannabis uses are consistent with what the Town currently allows for medical cannabis. Within each use type, various commercial cannabis activities will be allowed and each use will have specific operating standards based on the use.

Land Use	Downtown (D)	Old Mammoth Road (OMR)	Mixed Lodging / Residential (MLR)	Industrial (I)
U: Use Permit Required; -: Use Not Allowed; (#) Limitation Applies, See Footnote				
Commercial Cannabis Use*		See Subclassification below		
Cannabis Retailer	U ⁽¹⁾	U ⁽¹⁾	-	-
Cannabis Cultivation	-	-	-	U
Nonvolatile Cannabis Manufacturing	-	-	-	U
Volatile Cannabis Manufacturing	-	-	-	-
Cannabis Distribution	-	-	-	U
Cannabis Laboratory Testing	-	-	-	U
Cannabis Deliveries	Prohibited in all zones			

* All cannabis uses will be subject to additional specific use regulations such as operating standards, maximum canopy size, and other applicable regulations.

(1) Limited to no more than 75% of the ground floor area when located along Primary and Secondary Active Frontages. A minimum of 25% of the ground floor area shall be occupied by uses permitted by right or by Administrative Permit (i.e. active uses) and shall occupy the building or structure's frontage for a minimum depth of 20 feet (Administrative Permit required for depths less than 20 feet).

(a) Cannabis Cultivation

As proposed, commercial cannabis cultivation will be limited to indoor cultivation only.² Section 26001 of the CA Business and Professions Code defines “Cultivation” as any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis. The uses that are considered to be cultivation include: (1) Cultivation of mature plants (i.e., *cannabis plants that are or have the potential to flower*); (2) Nurseries (i.e., *cultivation site that produces only clones, immature plants, seeds, and other agriculture products used specifically for the propagation and cultivation of cannabis*); and (3) Processing (i.e., *cultivation site that only conducts trimming, drying, curing, grading, packaging, or labeling of cannabis and non-manufactured cannabis products*). Any business that intends to do any of the activities above will be required to get a Use Permit from the Town authorizing the specific uses and a State license for the specific activity.

(b) Cannabis Manufacturing

Section 26001 of the CA Business and Professions Code defines “Manufacturing” as all aspects of the extraction and/or infusion process, including processing, preparing, holding, storing, packaging, or labeling of cannabis products. Manufacturing also includes any processing, preparing, holding, or storing, or components and ingredients.

² Section 26001 of the CA Business and Professions Code defines “Indoor Cultivation” as cultivation of cannabis within a permanent structure using exclusively artificial light.

The extraction of cannabis oil can be achieved either through nonvolatile methods (e.g., pressure, CO₂, ethanol) or volatile methods (e.g., propane, butane, hexane). The recommendation from the working group was to prohibit volatile manufacturing due to the increased fire danger associated with the solvents used. The uses that are considered to be manufacturing include: (1) Extraction of cannabis oil using mechanical methods or nonvolatile solvents as defined in Section 40100 in the CA Manufacturing Regulations; (2) Manufacturing of edible products or topical products using infusion processes, or other types of cannabis products other than extracts or concentrates; and (3) Packaging and/or labeling of cannabis products. Any business that intends to do any of the activities above will be required to get a Use Permit from the Town authorizing the specific uses and a State license for the specific activity.

(c) Cannabis Distribution

Cannabis distributors are responsible for moving unfinished and finished cannabis products between licensees. Additionally, they are responsible for coordinating the testing of products before they arrive at retail locations and the collection of the State excise taxes. Licensees can act as their own distributor, but are required to follow all of the same procedures and regulations that an independent distributor would be required to follow. The uses that are considered to be distribution include: (1) Transportation of cannabis and cannabis products to retailers; (2) Transportation of cannabis goods between non-retail licensees; and (3) Storage-only services for a licensed cultivator, manufacturer, or another distributor.

(d) Cannabis Testing

Testing laboratories are responsible for ensuring the quality and safety of cannabis and cannabis products before they are available for public consumption. The State regulations require that a testing lab employee go to the Distributor's licensed premises and physically select a sample of the cannabis or cannabis product batch for testing. Due to this requirement, having a testing lab located within the region is important in order to facilitate the testing of products grown or produced locally. An additional requirement of testing labs is that the owner and all employees do not hold any other cannabis license and are not employed by any other cannabis licensee. Due to this requirement and the relatively low number of cannabis businesses in the region, it may be financially unfeasible for a testing lab to locate in the region, but the regulations should not preclude the use.

(e) Cannabis Deliveries

The Town currently prohibits delivery of cannabis within the Town limits and the recommendation from the Police Department was to continue with that prohibition due to the increased public danger associated with deliveries of cannabis.

(f) Vertical Integration

Cannabis businesses would be allowed to hold multiple licenses and be approved for multiple uses at a single physical location, but will be required to comply with all requirements and regulations for each use. Additionally, under the current Town regulations for medical cannabis, dispensaries are permitted to cultivate and manufacture cannabis in a limited capacity in a location that is physically and legally connected to their dispensary location. The recommendation is to continue to allow this for retailers, but the use will require additional requirements, such as building and fire improvements, enhanced ventilation, and visibility and separation requirements. This use is consistent with the State Microbusiness license.

- **Compliance Audits**

Commercial cannabis businesses within the Town will be required to obtain an annual cannabis operating license from the Town. The fees for the license will cover all regulatory costs associated with ensuring compliance with all local and state laws and the use permit conditions of approval. As part of the regulatory compliance program, staff is recommending using an outside consultant to conduct two (2) annual audits of cannabis entities within the Town. The costs of the audits will be included in the annual licensing fee and one audit will be a regulatory audit and the second audit will be a financial audit.

Examples of items that will be verified through the audit process are:

<u>Annual Compliance Audit</u>	<u>Annual Financial Audit</u>
i. Property Inventory Management of Product	i. Desk audit of tax returns
ii. Correct use of RFID tags for any product on premises	ii. Audit of gross receipts subject to commercial cannabis tax.
iii. Occupational badge requirements	iii. Inventory Audit
iv. Business records retention	iv. Point of Sale Audit
v. Tax information records	v. Software System Audit
vi. Lock Standards and protocols	vi. Facility Audit.
vii. Alarm system maintenance and safety standards	
viii. Breach of limited access areas	
ix. Video surveillance	
x. Camera map	
xi. Video footage retention requirements	
xii. Transportation manifest	
xiii. Retail marijuana production management	
xiv. Waste disposal	
xv. Ensure packaging and labeling requirements meet State requirements	
xvi. Compliance with local laws and project specific conditions of approval	

- **Personal Cultivation Regulations**

Staff is recommending prohibiting outdoor cannabis grows and regulating indoor cannabis grows in a manner similar to those agencies included in the Personal Cultivation Regulations Matrix (Attachment 2). These regulations provide basic guidelines that will minimize impacts to the community while still giving the Town the ability to mitigate nuisance issues.

- **Public Health Model Ordinance**

Staff has reviewed and discussed the Public Health Model Ordinance with the Mono County Health Department and will incorporate applicable components of the Model Ordinance into the Town's regulations.

- **Tax Measure**

The consultant the Town has hired, HdL has committed to providing the following items on or before January 22, 2018: (1) Fiscal analysis matrix with various tax scenarios; (2)

Effective cumulative tax rate vertical chart; (3) Tax Ordinance and/or Resolution. Based on that schedule, there would be a discussion with the Town Council on February 7th and then tentatively adopt the Tax Ordinance and/or Resolution on February 21st so that the item can be on the general election ballot in June.

- **Scheduling and Timing**

There are two options for the Town Council to consider regarding the timing and adoption of regulations for the adult-use of cannabis. The following summarizes the two options:

- Regulations and Tax Measure as Separate Items

Under this scenario, staff would tentatively bring forward draft Regulations to the PEDC in February (or March) and then to the Town Council in March (or April). If adopted, the regulations would be effective 30 days after adoption in late-April (or late-May). The Cannabis Tax Measure would then be placed on the general election ballot in June. If it passes, it would become effective on whatever date is identified in the tax measure.

- Regulations and Tax Measure Together

Under this scenario, the regulations could go through the adoption process prior to the passage of a tax measure, but the regulations would not be effective until the tax becomes effective.

An alternative under this scenario would be to incorporate a transition period into the ordinance which would allow existing cannabis businesses to convert to adult-use prior to the effective date of the tax measure. This would also provide staff the opportunity to address any issues that arise during the transition period prior any new businesses being approved.

DISCUSSION QUESTIONS

Below are some discussion questions for the Town Council to consider:

1. Does the Council have a preference on the timing of the cannabis regulations?
2. For cannabis retail businesses, is the Council supportive of requiring a 500-foot separation between businesses and utilizing a 600-foot buffer from schools (K-12), day care centers, youth centers, and parks, or is the Council's preference to use different buffers?
3. For all other cannabis businesses, is the Council supportive of only requiring a 600-foot buffer from schools (K-12), day care centers, and youth centers?
4. Is the Council supportive of the proposed uses and the zones where they would be allowed?

OPTIONS ANALYSIS

This item is a discussion only item, so no options are provided.

LEGAL CONSIDERATIONS:

Adult-use cannabis sales and possession were legalized within CA by Proposition 64; however, cannabis sales and possession continue to be illegal at the Federal level and the Town makes no representations or guarantees that the Federal government will not interfere or prosecute anyone associated with a cannabis business.

In early January 2018, US Attorney General Jeff Sessions rescinded the Cole Memo, which was a document issued by the Obama administration that provided some legal protections at the Federal

level for cannabis businesses operating in states that allow and regulate cannabis sales.³ The direction provided by the Attorney General is that it will be up to local US Attorneys to determine whether to prosecute cannabis businesses. At this time, it is unknown what the implications will be at the local level or if the local US Attorneys for this area will take action against any of the cannabis businesses.

ATTACHMENTS:

Attachment 1: Peer resort comparison, November 2017

Attachment 2: Personal Cannabis Cultivation Regulations Matrix

³ The Cole Memo called for the Federal Justice Department to not enforce federal law on marijuana against cannabis businesses operating legally under state law and required states to enact regulatory framework that prevented cannabis distribution to states where cannabis remained illegal and distribution to minors.

Attachment I

Peer Resort Comparison, November 2017



Community & Economic Development

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DATE: NOVEMBER 8, 2017
TO: TOML CANNABIS WORKING GROUP
FROM: NOLAN BOBROFF, ASSISTANT PLANNER
RE: PEER RESORT COMPARISON OF CANNABIS REGULATIONS AND ISSUES

This comparison report is intended to provide insight into what other peer resort communities in Colorado allow with regards to cannabis and highlight some of the unique issues that have arisen since recreational cannabis use in Colorado was legalized in January 2014. The comparison resorts were selected based on the community's physical similarities to Mammoth Lakes (i.e., proximity to a major ski resort, full-time population, and proximity to major cities). Mammoth Lakes and all of the cities selected have a relatively low full-time population base, but are popular winter and summer resort destinations for the nearby large population centers (i.e., Los Angeles, Denver, Colorado Springs, Fort Collins, Boulder, etc.) and their population during the busy periods of the year can radically increase by tens of thousands of people. Additionally, the communities are adjacent to a major ski resort(s) and are largely surrounded by public lands (i.e., National Forest, BLM, etc.) and unincorporated areas that have intermittent development.

Five out of the seven comparison cities allow cannabis establishments in various forms and the remaining two cities prohibit cannabis establishments within the Town limits. However, in those two cities, cannabis establishments are permitted in the adjacent unincorporated areas and cannabis is readily available in those cities despite the prohibition. Each city has taken a different approach to regulation of cannabis establishments and some insights into what has been effective and not effective can be gleaned from the data.

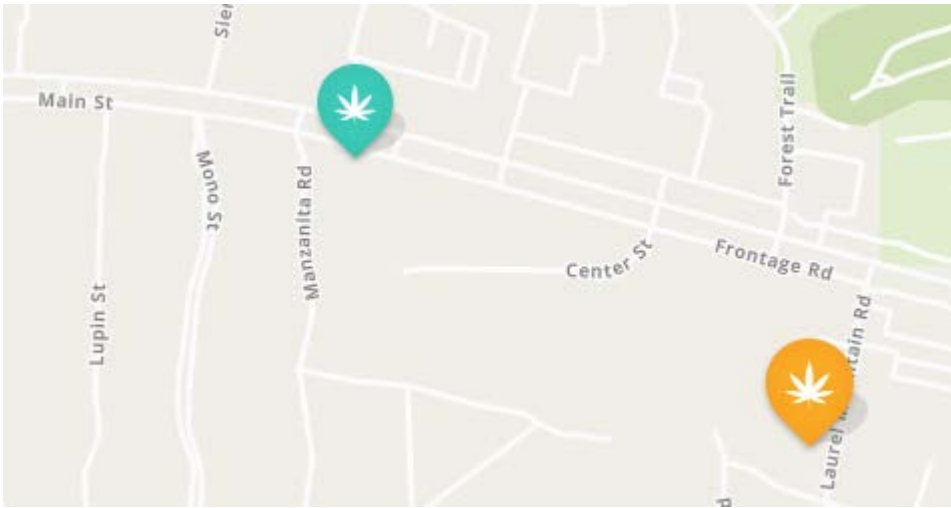
The conclusions made from this analysis and research are:

- Buffers between cannabis retail sales establishments can help prevent an over-saturation of shops in one location or building. In Telluride, the four longtime existing dispensaries began wanting limitations on the number of dispensary licenses and additional regulations regarding the permit locations when a new dispensary opened up directly below a longtime existing dispensary.
- Providing sufficient space that is zoned appropriately and determining the locations where cannabis establishments are most appropriate within the community can lead to a successful cannabis program with minimal conflicts. In Crested Butte, cannabis establishments are only permitted in a 4-block commercial area, which subsequently led to three out of the four being directly next to one another. Alternatively, in Aspen, cannabis establishments are permitted in all of their commercial districts and the majority of their lodging districts and that broad allowance has led to the City questioning whether they need greater restrictions on where cannabis establishments are permitted. In Breckenridge, the City originally approved cannabis

establishments in their downtown commercial areas and later voted to restrict them from the downtown area, which subsequently forced an existing dispensary business to relocate.

- For rural areas, cities and counties need to collaborate on their cannabis policies in order to prevent a situation where one entity prohibits cannabis establishments and the other allows/encourages cannabis establishments. In the case of Vail and Winter Park, the cities elected to prohibit all cannabis establishments, but the uses are permitted in the adjacent unincorporated areas. This has led to a situation where cannabis is readily available within those two cities, but the cities receive no benefits from the sales.
- Having a transition period to allow for existing medical cannabis businesses to convert to recreational cannabis businesses will allow for municipalities to evaluate their regulations prior to the submittal of new applications and will give priority to those existing businesses to convert to recreational.

Limitations on the zoning districts where cannabis establishments are permitted (i.e., specific commercial zones only), buffers from sensitive uses (i.e., schools, parks, day care centers), and buffers between establishments (i.e., X amount of feet between dispensaries) will achieve a regulatory framework that allows for the siting of dispensaries in appropriate locations and ensures that a community will not have an oversaturation of dispensaries in one location. This approach will effectively limit the total number of dispensaries that could be sited within a community without selecting an arbitrary number of dispensaries that are allowed. Determining the correct number of dispensaries in a resort community that experiences large population swings throughout the year is extremely difficult, if not impossible, and cannot be substantiated by data or facts.

MAMMOTH LAKES, CA			
Nearby Resort: Mammoth Mountain		Town Characteristic: ski resort; close proximity to Yosemite; summer festivals and events; destination for Los Angeles	
Size: 4.25 sq. miles	Pop. (2010): 8234	Pop. over 21: 6173	Percentage: 75%
What is permitted: • Maximum of two (2) medical cannabis cooperatives • Cultivation and manufacturing of medical cannabis in the Industrial zone • Cultivation and manufacturing in the commercial zones only when legally and physically connected to a medical cannabis dispensary.			
Current Conditions / Issues: • 2 dispensaries in operation • 3 use permits approved for manufacturing; 1 in operation • Since 2010, 2 attempted break-ins have occurred			
Regulations: • Maximum of two (2) dispensaries • Permitted in the Old Mammoth Road, Downtown, and Industrial zones • 1,000 foot buffer from schools, parks, and libraries when located in a commercial zone • 500 feet between dispensaries • Limited to no more than 75% of the ground floor area when located along primary and secondary active frontages and not permitted in the front 20 feet of the building when on the ground floor (Administrative permit can authorize a reduction of the 20-foot requirement)			
			

TELLURIDE, CO			
Nearby Resort: Telluride		Town Characteristic: ski resort; summer festivals and events	
Size: 2.18 sq. miles	Pop. (2010): 2325	Pop. over 21: 1872	Percentage: 81%
What is permitted: • Retail and medical cannabis sales • Cultivation when associated with a Telluride retailer and/or manufacturer • Manufacturing of infused edible cannabis products • Retail cannabis testing facility			
Current Conditions / Issues: • Treat dispensaries the same as liquor stores and chose to let the market regulate itself; regulate the zones that they are permitted in only • 5 dispensaries (historically have been 4 since retail sales were permitted in 2014) • The 5th and newest dispensary is a larger chain store that recently opened on the ground floor in their historic district in a location that is almost directly beneath a longtime existing dispensary ○ Existing shops worry that the new larger business will threaten their existence by undercutting the others on pricing ○ Existing businesses have all been on the 2nd floor or above, although not required to be ○ Existing businesses want the Town to limit the number of dispensaries and/or ban chain cannabis stores ○ The Town has had minor compliance issues with the newest store related to signage and visibility of the inside of the dispensary due to existing large storefront windows			
Regulations: • Licensing authority processes all cannabis applications • Uses are permitted outright by the Municipal Code; application requires zoning compliance verification and affidavits certifying compliance with state laws • Dispensaries allowed in the Commercial and Historic Commercial zone districts only • No limit on the number of dispensary's or manufacturing facilities • 500 feet from any public or private school • Licenses valid for one (1) year and require annual renewal • Cultivation facilities are required to be contiguous to the licensed premises or be located outside of the Town and associated with said business through a vertically integrated state license • Manufacturers are required to: ○ Have a contract w/ a licenses establishment stating the type and quantity of products that the establishment will buy from the licensee ○ Required to cultivate at least 70% or the cannabis necessary for their operation ○ Are permitted to use cannabis from only 5 cultivators, inclusive of their own cultivation operation • Ordinance's contain a clause stating that if the voters of Telluride vote to prohibit any activity, then all licenses for said activity shall become void and the activity shall become illegal on the effective day of the ordinance			

Medical

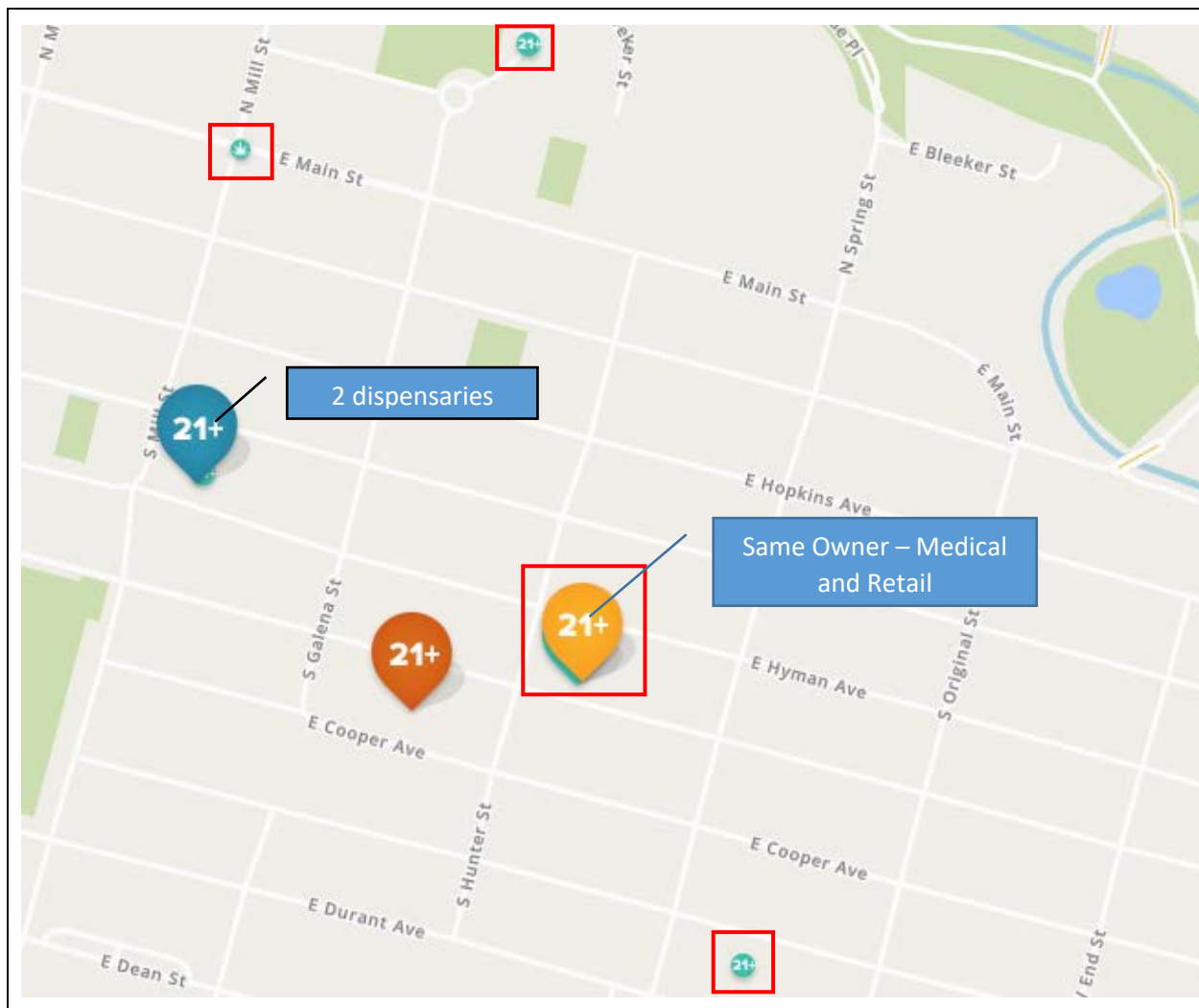
- Dispensaries are required to certify on an annual basis to the State that they cultivate a minimum of 70% of the cannabis they distribute (either through on-site cultivation or through a vertical integration methodology)

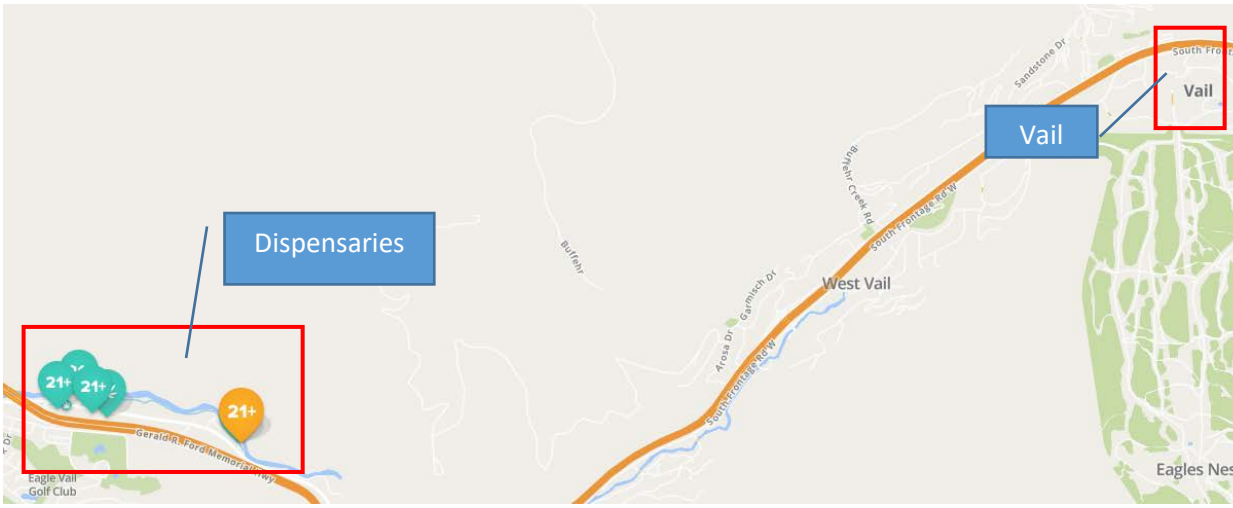
Recreational

- Colocation is allowed in same licensed premises, but premises are required to be separate and distinct (physical wall) or certify by affidavit that it will only sell to those 21 and older

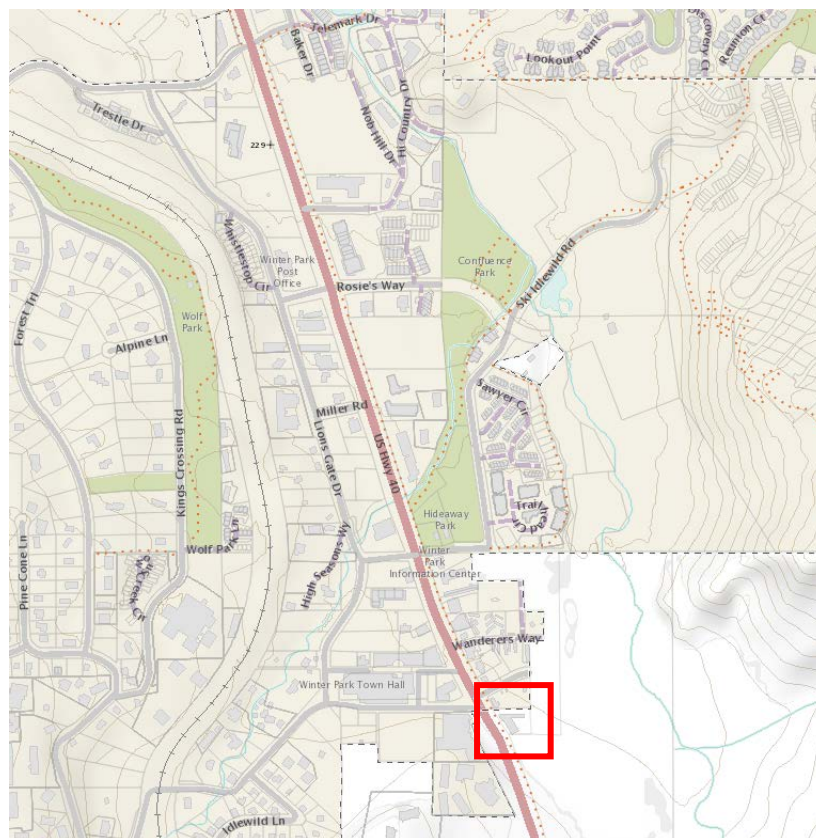


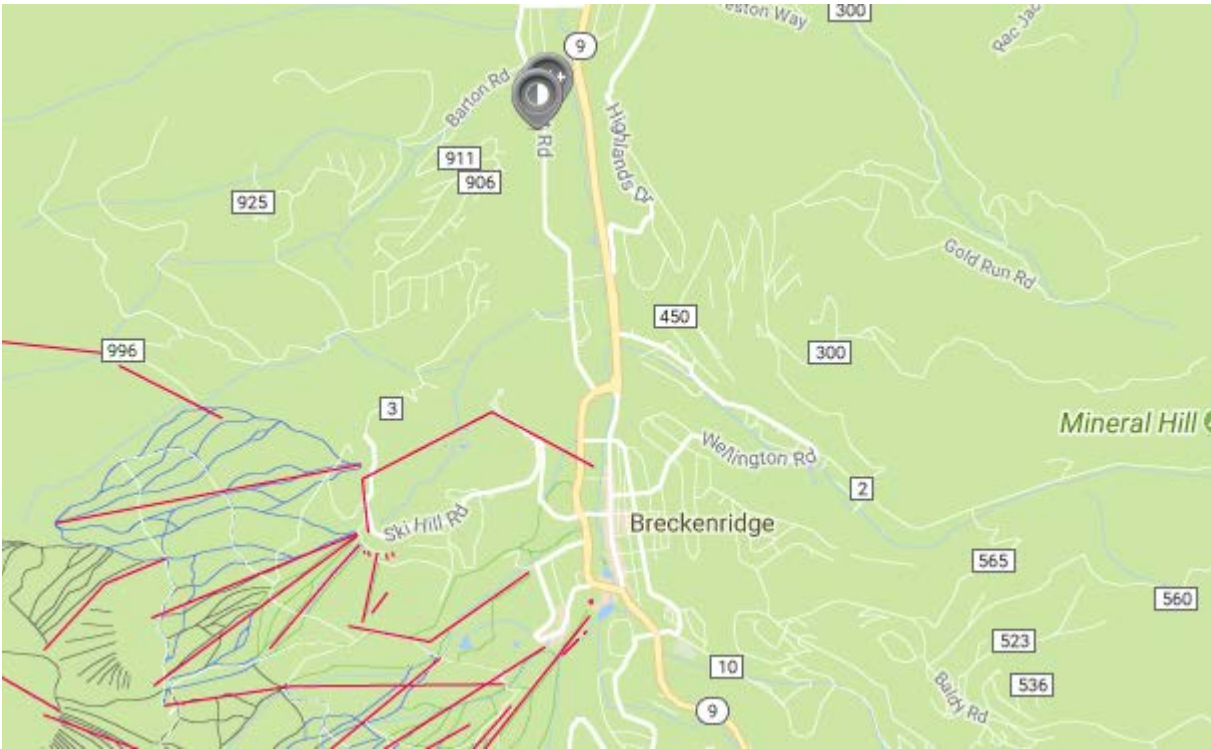
ASPEN, CO			
Nearby Resort: Aspen, Buttermilk, Highlands, Snowmass		City Characteristic: ski resort; summer recreation in nearby National Forest	
Size: 3.88 sq. miles	Pop. (2010): 6658	Pop. over 21: 5502	Percentage: 83%
What is permitted: • Retail and medical cannabis sales • Retail cultivation • Medical cultivation when associated with a medical center • Retail cannabis product manufacturing and manufacturing of medical infused edible cannabis products • Retail cannabis testing facility			
Current Conditions / Issues: • Treat dispensaries the same as liquor stores and chose to let the market regulate itself • Classifies retail cannabis establishments and stores as a General Retail use • Classifies medical cannabis establishments as a Service use • 8 dispensary licenses (5 Retail only, 1 Medical only, and 2 that are colocated together in separate suites) • The Town does not regulate the number of dispensaries or cultivation/manufacturing facilities and allows them in all commercial zones in all building locations (i.e., ground floor, second floor, etc.) ○ This broad allowance has led the mayor to begin discussions with the City Council about whether the number and location of shops has negatively affected the city. ○ Previous interviews with the owners of the dispensaries were generally in favor of no cap and embraced the competition that multiple shops created. They felt that competition forces the owners to maintain quality products and customer service. • Adopted a 1-year transition period to allow for existing medical establishments to convert to retail before acceptance of any new applications			
Regulations: • Licensing authority processes all cannabis applications • Uses are permitted outright by the Municipal Code; application requires zoning compliance verification • No limit on the number of dispensary's or cultivation/manufacturing facilities • 500 feet from any public or private school • Licenses valid for one (1) year and require annual renewal • Cannabis establishments are permitted in the Commercial Core, Commercial, Service/Commercial/Industrial (25% of floor area can be retail), Neighborhood Commercial, Mixed-Use, Lodge (Conditional use), and Commercial Lodge (Conditional use) zone districts			

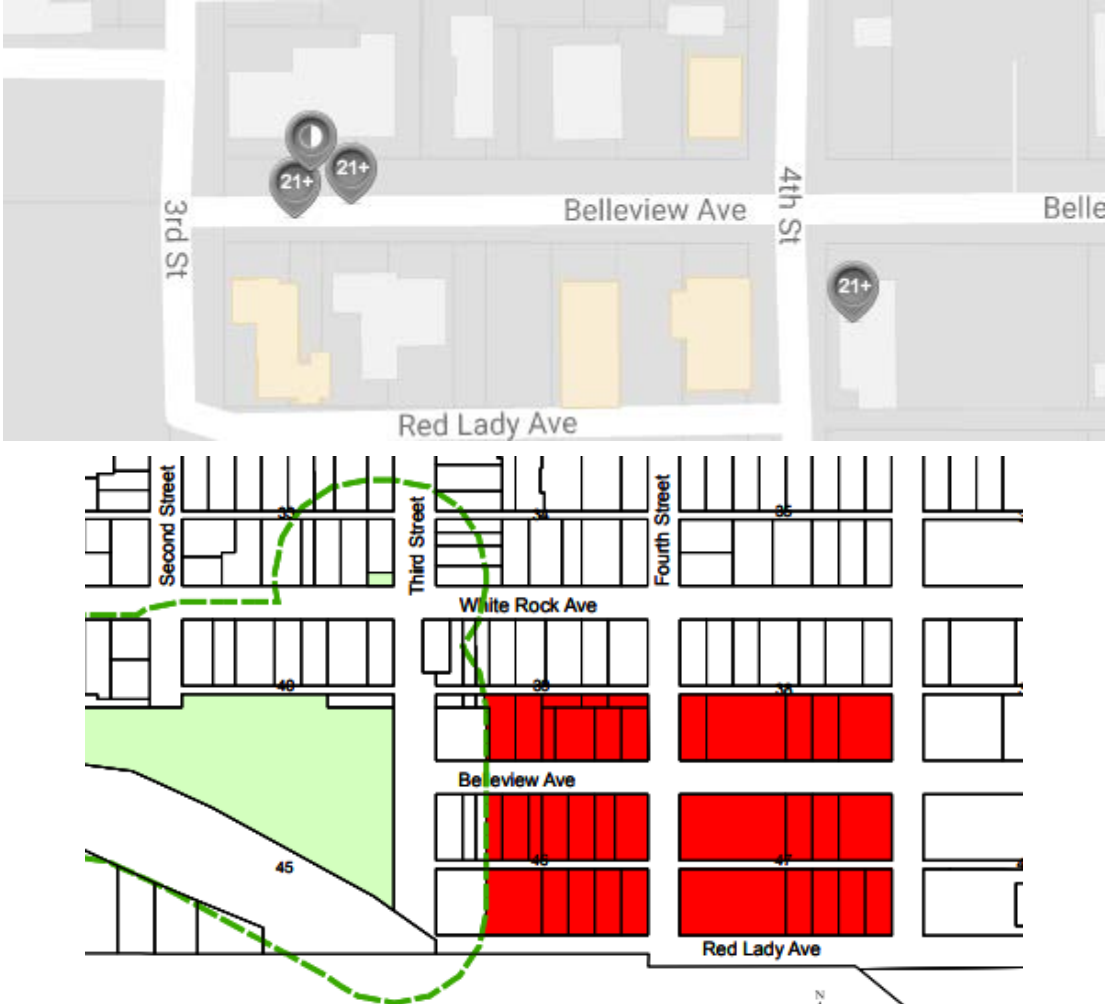


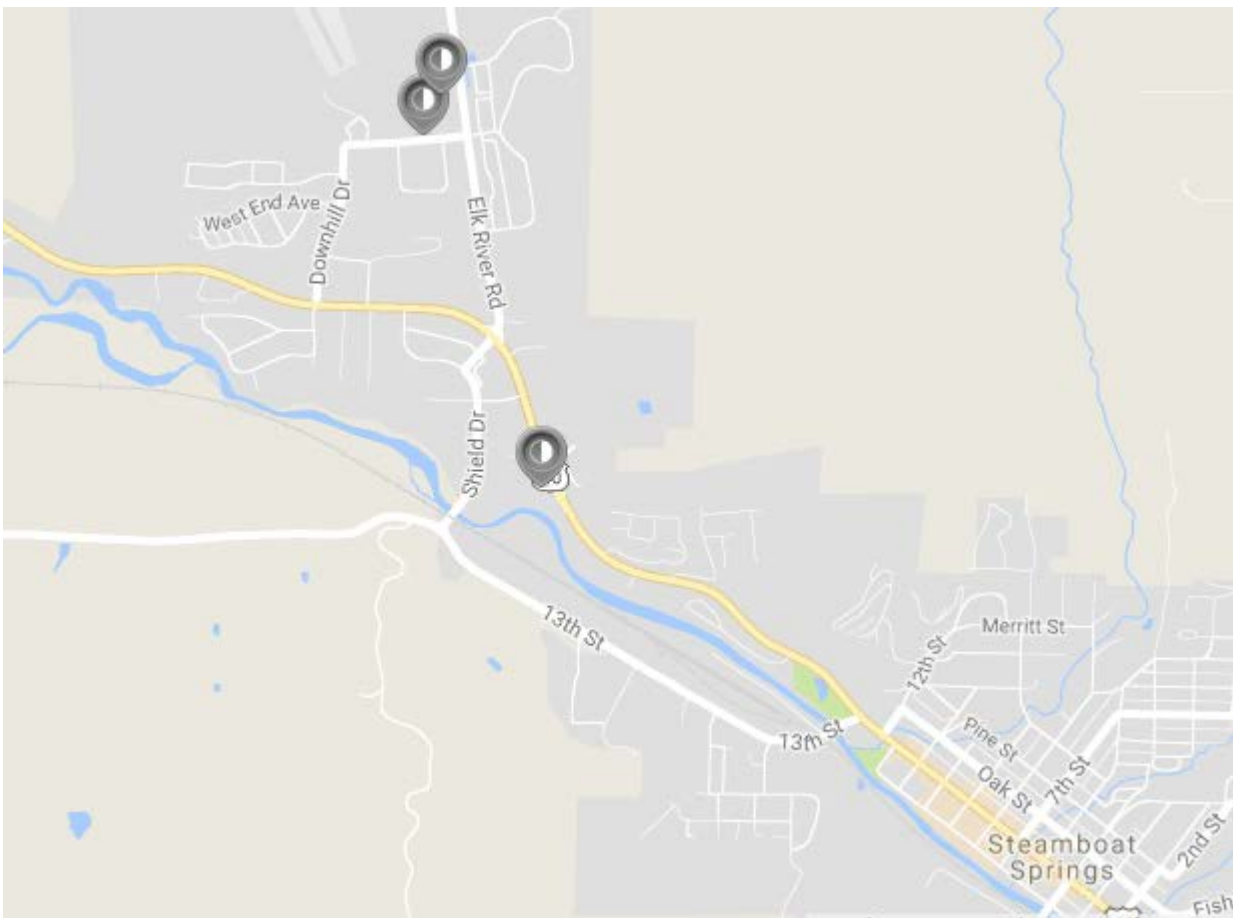
VAIL, CO			
Nearby Resort: Vail		Town Characteristic: largest ski resort in CO	
Size: 4.69 sq. miles	Pop. (2010): 5305	Pop. over 21: 4663	Percentage: 88%
What is permitted: All cannabis businesses are banned in Vail			
Current Conditions / Issues: 5 dispensaries located just outside Town limits in an unincorporated area that is approximately 5-10 minutes from Vail village in a stretch called the “Green Mile” - Hotels and/or shops will send shuttle vans to pick-up customers - Cannabis is easily accessible for residents and visitors to Vail, but because the Town does not permit cannabis businesses, the Town loses out on all tax revenue and it forces the businesses to be all in close proximity to one another in the “Green Mile.”			
Regulations: All cannabis businesses are prohibited within Town limits.			
			

WINTER PARK, CO			
Nearby Resort: Winter Park		Town Characteristic: ski resort; Summer hiking, mountain biking, concerts, and fishing	
Size: 16.53 sq. miles	Pop. (2010): 999	Pop. over 21: 829	Percentage: 83%
What is permitted: All cannabis businesses are banned in Winter Park			
Current Conditions / Issues: 1 dispensary approved by Grand County for a location at an existing motel near the entrance to Winter Park - Surveying error left the subject property that is bordered by the Town limits on 3 sides to be left out of the incorporated area of the Town - The County approved a dispensary in this location despite strong opposition from the Town and Winter Park resort. The Town has sued the county over the approval of the dispensary. - Since the property is outside the Town limits, no revenue from the business will come to the Town			
Regulations: All cannabis businesses are prohibited within Town limits.			



BRECKENRIDGE, CO			
Nearby Resort: Breckenridge		Town Characteristic: ski resort; summer and winter festivals	
Size: 5.99 sq. miles	Pop. (2010): 4540	Pop. over 21: 3768	Percentage: 83%
What is permitted: • Indefinite moratorium in place on new cannabis businesses • Retail and medical cannabis sales • Retail and medical cannabis cultivation • Retail and medical cannabis manufacturing			
Current Conditions / Issues: • 4 dispensaries • Located away from downtown commercial core in a quasi-industrial area • The Town previously allowed cannabis businesses in their commercial downtown. ○ In December 2014, the Town banned all cannabis businesses from their downtown and adopted a Feb 2015 deadline for said businesses to either close or relocate ○ 1 existing popular businesses was forced to relocate			
Regulations: • Indefinite moratorium in place on new cannabis businesses • Permitted in a quasi-industrial zone on the north end of Town near the airport • 500-foot buffer from childcare facilities, school, and halfway houses • Cannot be adjacent to a residential use or located in a building with a residential unit			
			

CRESTED BUTTE, CO			
Nearby Resort: Crested Butte		Town Characteristic: ski resort; Summer mountain biking and outdoor activities	
Size: 0.84 sq. miles	Pop. (2010): 1487	Pop. over 21: 1237	Percentage: 83%
What is permitted: • Retail and medical cannabis sales • Manufacturing of cannabis products • Testing			
Current Conditions / Issues: • 4 dispensaries • Due to the very small area where businesses are permitted, 3 out of the 4 are in close proximity to one another			
Regulations: • Permitted in Commercial zone only • 500-foot buffer from child care facilities and schools and 175 feet from parks			
			

STEAMBOAT SPRINGS, CO			
Nearby Resort: Steamboat		City Characteristic: ski resort	
Size: 10.16 sq. miles	Pop. (2010): 12088	Pop. over 21: 9348	Percentage: 77%
What is permitted: • Retail and medical cannabis sales • Retail and medical cannabis cultivation • Retail and medical cannabis manufacturing • Testing facility's			
Current Conditions / Issues: • Cap of 3 dispensaries • Not permitted in their downtown or at the base of the ski area • At the end of 2016, almost \$10 million in cannabis sales in the city from the 3 dispensaries			
Regulations: • 1,000 feet from schools, public parks, and child care facility's • Retail stores are required to produce 70% of the product sold • Adopted a 6-month transition period to allow for existing medical establishments to convert to retail before acceptance of any new applications			
			

Attachment 2

Personal Cannabis Cultivation Regulations Matrix

Summary of Personal Cultivation Requirements

Agency	Regulations
CA Health & Safety Code Section 11362.1	Persons 21 years of age or older are permitted to: i. Possess, process, transport, purchase, obtain, or give away to persons 21 years of age or older without any compensation whatsoever, not more than 28.5 grams of cannabis not in the form of concentrated cannabis; ii. Possess, process, transport, purchase, obtain, or give away to persons 21 years of age or older without any compensation whatsoever, not more than eight grams of cannabis in the form of concentrated cannabis, including as contained in cannabis products; iii. Possess, plant, cultivate, harvest, dry, or process not more than six living cannabis plants and possess the cannabis produced by the plants; iv. Smoke or ingest cannabis or cannabis products; and v. Possess, transport, purchase, obtain, use, manufacture, or give away cannabis accessories to persons 21 years of age or older without any compensation whatsoever.
CA Health & Safety Code Section 11362.2	Personal cultivation of cannabis is subject to the following restrictions: i. A person shall plant, cultivate, harvest, dry, or process plants in accordance with local ordinances. ii. The living plants and any cannabis produced by the plants in excess of 28.5 grams are kept within the person's private residence, or upon the grounds of that private residence (e.g., in an outdoor garden area), are in a locked space, and are not visible by normal unaided vision from a public place. iii. Not more than six living plants may be planted, cultivated, harvested, dried, or processed within a single private residence, or upon the grounds of that private residence, at one time. iv. A city may enact and enforce reasonable regulations to regulate the cultivation of the allowed six plants. v. A city shall not completely prohibit persons engaging in the cultivation of the allowed six plants inside a private residence, or inside an accessory structure to a private residence located upon the grounds of a private residence that is fully enclosed and secure. vi. A city may completely prohibit persons from engaging in outdoor cultivation upon the grounds of a private residence. For purposes of this section, "private residence" means a house, an apartment unit, a mobile home, or other similar dwelling.
County of San Luis Obispo	i. Allows a maximum of six plants and restricts the overall canopy area to 100 square feet. ii. Requires cultivation take place indoors and inside a legal residential dwelling or accessory structure that is fully enclosed and secured. iii. Prohibits the commercial sales of any cannabis grown at a residence.
City of Berkeley	i. Requires compliance with CA Health & Safety Code Section 11362.1 and 11362.2 ii. Requires the living plants and any product in excess of 28.5 grams to be in a locked space and be not visible from a public space. iii. Allows a maximum of six living plants to be planted within a single private residence, or upon the grounds of that private residence.

Summary of Personal Cultivation Requirements

Agency	Regulations
City of Davis	i. Allows indoor and outdoor personal cultivation and is permitted in all residential districts and all residential uses. ii. Requires structures and equipment used for indoor cultivation (e.g., indoor grow lights) to comply with all applicable building, electrical, and fire code regulations. iii. Allows a maximum of six cannabis plants per property. iv. Requires personal cultivation to be conducted by persons 21 years of age or older. v. Requires that the indoor cannabis cultivation not interfere with the primary occupancy of the building, including regular use of kitchen(s) or bathroom(s). vi. Requires that the cultivation area not be visible from the public right-of-way. vii. Reserves the right for landlords to restrict or prohibit cannabis cultivation. viii. Prohibits the commercial cultivation of cannabis at residences. ix. Prohibits any activities which cause a public nuisance. x. Indicates that any violation of their regulations is a public nuisance and that violations shall be either a misdemeanor or an infraction at the discretion of the prosecuting attorney.
County of Sacramento	i. Requires compliance with State law. ii. Prohibits outdoor grows and requires cultivation to be within a single private residence or inside a fully enclosed and secure structure located upon the ground of a private residence. iii. Requires the cultivation area to be in a locked area. iv. Requires the cultivation area to not be visible from the public right-of-way. v. Requires the cultivation area comply with all building and fire codes and requires adequate ventilation, restricts the lighting to a maximum of 1,000 watts per light, and prohibits the use of gas products (CO₂, butane, etc.) for personal cultivation. vi. Requires written consent of the property owner via a signed and notarized statement from the property owner permitting cultivation. vii. Requires the primary use of the property remain as a residence at all times with legal and functioning cooking, sleeping, and sanitation facilities. viii. Prohibits any cultivation activity which constitutes a public nuisance. ix. Indicates that any violation of their regulations is a public nuisance that is subject to all enforcement actions as specified in their Municipal Code.
County of Santa Cruz	i. Allows a maximum of six cannabis plants at a single private residence. ii. Requires cultivation take place inside a structure or enclosure existing on the grounds of a private residence. iii. Requires the structure or enclosure be locked and secured. iv. Requires the private residence be occupied by, and the plants be cultivated by, a person 21 years of age or older. v. Requires that the plants not be visible from a public place. vi. Authorizes the County to issue fines for violations of their regulations.