



MEMORANDUM

DATE: July 17, 2023

TO: Honorable Mayor and City Councilmembers
Dave Perrault, City Administrator

FROM: Jessica Jagoe, Community Development Director
Julie Hanson, Assistant to the City Administrator/City Clerk

SUBJECT: THC (lower potency) and Adult Use (full strength) Cannabis Discussion

Budgeted Amount:	Actual Amount:	Funding Source:
N/A	N/A	N/A

Council Should Consider

Council should discuss and provide direction on the draft ordinance for establishing land use definitions and regulations for Lower-Potency Hemp Edible Sales as well as additional comment on Adult Use (full strength) Cannabis sales.

Background

At the June 20, 2023 Work Session meeting, the City Council directed staff to bring back to the Council ordinance language that would regulate the sales of Lower-Potency Hemp Edibles. Based on that direction, city staff worked with the City Attorney’s office to prepare a draft ordinance that incorporates language recommendations from the work session discussion. The proposed ordinance would introduce a new land use classification specific to Lower-Potency Hemp Sales that would establish this as a conditional accessory use only to businesses with a principal Retail Sales and Service land use. This means there cannot be a standalone shop for these products and any business interested in selling Lower-Potency products would need to come before Council and apply for a Conditional Use Permit. As proposed, lower-potency hemp edible sales would be limited to the B-3, Service Business Zoning District (i.e. those businesses along Lexington Avenue south of 694 to the railroad/north of County Road E). By specifying this to a commercial zoning district it would preclude a residential property from being allowed to apply for either a Class I or a Class II Home Occupation. It should be noted that Retail Sales and Service as a principal use is permitted in the B-2, B-3, and B-4 Zoning Districts. Lastly, the draft language includes a separation of lower-potency hemp edible sales to such uses as schools, day cares, residential treatments facilities, and public parks. The City Council should discuss and provide direction on adding language that would also require a separation between Lower-Potency Hemp Edible Sales establishments.

Regarding solely the topic of Adult Use Cannabis (full strength products), staff also requests direction on whether or not the City Council would like to consider the option of a moratorium related to Adult Use Cannabis. As mentioned at the June work session, new State law regarding Adult Use Cannabis provides the opportunity for cities to impose a moratorium on the sale of full strength products until January 1, 2025 in order to allow further review and future discussions as the new law continues to be interpreted and the Office of Cannabis Management (OCM) is still taking shape. Currently, Adult Use Cannabis, while legal to possess and consume on private property, does not have a formal licensing process in place by the OCM as far as retail sales go and is a work in progress. Eventually, the OCM will have sample language and forms to provide to cities. Again, the OCM will license retailers but cities will be required to register them and conduct compliance checks. The City Attorney's Office has recommended we wait on any form of registration until the OCM comes out with further guidance.

Since licenses cannot be issued by the OCM yet, cities, in turn, cannot register those businesses wanting to sell Adult Use Cannabis products and therefore retail sales are not yet possible. That said, some cities are in the process of or have already adopted moratoriums in order to make any potential businesses fully aware that selling full strength products is prohibited until January 1, 2025. A moratorium also could allow a city ample time to work on its ordinances, creation of any applications or informational forms, and determine how compliance checks will work. While it's expected that the OCM will not have the full process in place until its target date of January 1, 2025, it is possible this could move faster than anticipated. If OCM were to have their processes in place in-advance of 2025 it would allow for the sale of full strength products earlier than anticipated unless a moratorium were in place. Should the Council wish to adopt a moratorium, it could do so through the fully allowed date of January 1, 2025 (and end it earlier than that if it so chooses) or have the moratorium last through a certain date of its choosing prior to January 1, 2025. Please note that a public hearing and notification of such would be required, so the process will take some time, should the Council elect to go this direction.

Discussion

Staff is looking for direction from the City Council on draft ordinance language for Lower-Potency Hemp Edible Sales as well as direction on pursuing a new moratorium regarding the Adult Use Cannabis (full strength) products.

Budget Impact

N/A

Attachments

Attachment A – Draft Ordinance

Attachment B – Zoning Map