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Marijuana Code Updates & Moratorium Discussion

Summary and Background Information:

On May 13, 2024, the City Clerk presented an overview of the marijuana moratorium that was enacted in 2023 and set to expire on July 31, 2024. During the study session, the City Council expressed interest in extending the moratorium so a number of items related to the licensing and regulation of marijuana stores such as the installation of concrete bollards to prevent vehicle break-ins, increased security standards for the storage of products, and exploring potential caps on the number of stores in the City.

On July 15, 2024, City Council passed Ordinance 2567. This ordinance extended the moratorium on new retail and medical marijuana store license in Wards I and II in the City by another six months to allow staff to continue to explore the ideas proposed above. The City Clerk's Office and City Attorney's Office have researched security standards from other municipalities in the state as well as how other cities have limited or capped the amount of stores in their cities. Staff has drafted proposed increased security and design standards for new marijuana businesses that would open after the moratorium expired (the regulations would not be retroactive for existing licensees).

Additionally, staff has found examples of other cities that have limited or capped the number of stores within their cities. Staff has proposed draft regulations on limiting the number of stores in the City split between two geographic regions. The regions are split along 96th Avenue and Havana St, with each region being limited to no more than 8 stores. Co-located licenses (one location that has both a recreational retail store and a medical retail store license) count as 1 license towards the cap and no licenses for a retail store can be issued until the number of stores drops to 7 or fewer. The number of 8 stores is a starting point for Council to discuss, but was chosen as that would mirror a similar density amount that currently exists in the City.

The moratorium is set to expire on January 31, 2025. City Council will need to determine if they want the moratorium to lapse and allow licenses to be issued in Wards I and II after January 31, or if they want to extend the moratorium for another period. Based on Council's decision, the City Clerk's Office will schedule an ordinance for first reading in December and second reading in January before the moratorium's expiration to either extend the moratorium or allow it to lapse. City Council's discussion on the proposed security regulations and store limits will also result in ordinances scheduled for the same

time frame so the new regulations coincide with the re-opening of licensing in Wards I and II. The presentation includes supplemental information on slides after the "Discussion" slide for review.

Staff Responsible (Department Head): Dylan A. Gibson, City Clerk

Staff Member Presenting: Dylan A. Gibson, City Clerk

Financial Impact: Unknown amount of license fees.

Funding Source: N/A

Staff Recommendation: N/A

Suggested Motion: N/A