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**PLANNING COMMISSION WORKSHOP AGENDA
CITY HALL AUDITORIUM
CITY HALL, 250 N 5TH STREET
TUESDAY, APRIL 11, 2023 - 5:30 PM
*Attend virtually: bit.ly/GJPCW***

Call to Order - 5:30 PM

Other Business

1. Discuss Cannabis Product Manufacturing Facilities Regulations

Adjournment



Grand Junction Planning Commission

Workshop Session

Item #1.

Meeting Date: April 11, 2023
Presented By: Nicole Galehouse, Principal Planner
Department: Community Development
Submitted By: Nicole Galehouse, Principal Planner

Information

SUBJECT:

Discuss Cannabis Product Manufacturing Facilities Regulations

RECOMMENDATION:

EXECUTIVE SUMMARY:

Referred measures 2A and 2B were passed on April 6, 2021, in the municipal election, providing the Council with an opportunity to consider establishing tax rates and regulations for cannabis businesses. Since that time, City Council and staff have focused on regulation and licensing of retail and co-located retail and medical cannabis businesses. As that process comes closer to licensing 10 stores, the City is now interested in evaluating the regulation of extraction and processing of cannabis.

BACKGROUND OR DETAILED INFORMATION:

BACKGROUND

Cannabis Product Manufacturers

Cannabis Product Manufacturing Facilities manufacture cannabis products intended for consumption in concentrated form for smoking, or for consumption other than by smoking, such as edible products, ointments, and tinctures, and are required to have both a state license and a local license to be a "Product Manufacturer." These businesses may vary widely in terms of their products and processes and may include hazardous uses which in Grand Junction currently requires a Conditional Use Permit. Medical product manufacturers may transact only with medical cannabis cultivation and sales licenses, and likewise for retail. These businesses may generate jobs for their processing and packaging activities, depending on the type of product manufactured, scale of operation, and the degree of automation. There is no sales or excise tax on manufactured products (excise tax is to be collected on the first sale or transfer of unprocessed retail marijuana by a retail cultivation facility within the City).

This ordinance amends Title 21, including Chapter 4 and Chapter 10, and includes proposed changes to the use table, location specific limitations and definitions. As a component of licensure, as well as a process pertinent to any business operation in the City, land use and its related impacts (e.g. noise, odor, traffic, etc) is a primary consideration related to cannabis Product Manufacturer businesses. Unlike retail cannabis businesses, cannabis Product Manufacturers are primarily industrial in function. When discussed with the Planning Commission at a series of five workshops from January 21, 2021 to February 18, 2021, recommendations for regulating this land use reflect that distinction. Previous workshops led the Planning Commission to recommend such businesses be limited to areas where general manufacturing and food product manufacturing are allowed, depending on the nature of the specific business, to include I-O (Industrial – Office), I-1 (Light Industrial), I-2 (General Industrial), and C-2 (General Commercial) zone districts. Though the current code requires hazardous uses (H Occupancy) per Fire Code to seek a Conditional Use Permit (CUP) to operate in I-O, I-1, and I-2 zone districts, this requirement has been removed in the current draft of the Zoning and Development Code.

After further consideration and research, staff recommends further refinement to the areas in which cannabis Product Manufacturers are allowed. Within the broad Product Manufacturer category, there are two distinct types of operation – those who extract and process raw material and those who produce a cannabis-infused product. The extraction and processing of raw material presents greater risk factors due largely to the use of volatile materials as well as nuisance issues such as odor. Because of the difference in potential risk and impact, staff recommends that Product Manufacturers be split into two uses as follows:

Cannabis product manufacturing facility shall mean a business licensed as a Product Manufacturer to purchase cannabis; manufacture, prepare, and package cannabis products; and wholesale cannabis and cannabis products to other licensed cannabis businesses for wholesale.

Cannabis-infused product manufacturer means a business licensed as a Product Manufacturer that utilizes cannabis previously extracted and/or manufactured off-site to infuse into products, prepare, and package products intended for wholesale.

The zone districts originally recommended by the Planning Commission remain consistent with zone districts contemplated to allow Products Manufacturing Facilities; however, staff recommends that certain areas of the City that have these zone districts are removed from allowing this use due to potential safety and nuisance issues. The general areas proposed to be removed include the Greater Downtown area (Rail District), areas in the vicinity of the Dos Rios and Las Colonias Improvement Districts, and specific areas that are nearby or adjacent to residential development and/or residential land use areas. This will be accomplished with a zoning overlay; the proposed zoning overlay boundaries are shown in the attached map. This approach would streamline verification of allowable sites for the use.

The Cannabis-Infused Product Manufacturer, as defined above, does not have the same concerns regarding hazardous materials. As such, staff recommends defining a separate Use Category for businesses that exclusively infuse instead of extract. The use is proposed to be allowed in all zone districts previously recommended by the Planning Commission and adds the C-1 (Light Commercial), B-1 (Neighborhood Business), B-2 (Downtown Business), M-U (Mixed-Use), and BP (Business Park Mixed Use) zone districts.

Use Category	Principal Use	R R	R E	R 1	R 2	R 4	R 5	R 8	R 1 2	R 1 6	R 2 4	R O	B 1	B 2	C 1	C 2	C S R	M U	B P	I O	I 1	I 2
Manufacturing and Production – firms involved in the manufacturing, processing, fabrication, packaging, or assembly of goods	<i>Cannabis products manufacturing facility</i>															<u>A</u> * –				<u>A</u> * –	<u>A</u> * –	<u>A</u> * –
	<i>Cannabis-infused product manufacturer</i>													<u>A</u>	<u>A</u>	<u>A</u>		<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>

* Subject to the zone district being located within the adopted zoning overlay.

In addition to the overlay and amendments to the zone district, the ordinance also proposes a limitation for Cannabis Product Manufacturing Facilities, excluding Cannabis-Infused Product Manufacturers, that requires the use to be in a standalone building. While the application of fire codes is highly effective in mitigating any danger, the volatility of the substances in use creates enough cause for concern that this additional standard is recommended to protect adjacent businesses.

SUGGESTED MOTION:

Discuss draft regulations and provide recommendations.

Attachments

1. 2023-04.06 PC Workshop
2. Draft Zoning Ordinance



Regulations for Cannabis Product Manufacturers

Planning Commission – Workshop

April 6, 2023

Draft Ordinances

1. Ordinance Amending Title 5, Section 5.15.010 et. seq. pertaining to:

Allowed Cannabis Uses

2. Amending Title 21, Chapters 4 and 10 pertaining to:

Zoning, Use Standards, Buffering, and Definitions

3. Amending Title 5, creating Chapter 10 pertaining to:

Cannabis Product Manufacturing Facilities & Cannabis-Infused Product Manufacturer Business Licensing & Regulations

Title 21, Chapters 4 and 10 - Definitions

Cannabis product manufacturing facility shall mean a business licensed as a Product Manufacturer to purchase cannabis; manufacture, prepare and package cannabis products; and wholesale cannabis and cannabis products to other licensed cannabis businesses for wholesale.

Cannabis-infused product manufacturer means a business licensed as a Product Manufacturer that utilizes cannabis previously extracted and/or manufactured off-site to infuse into products, prepare and package products intended for wholesale.

Title 21, Chapters 4 and 10 - Zoning

Cannabis product manufacturing facility

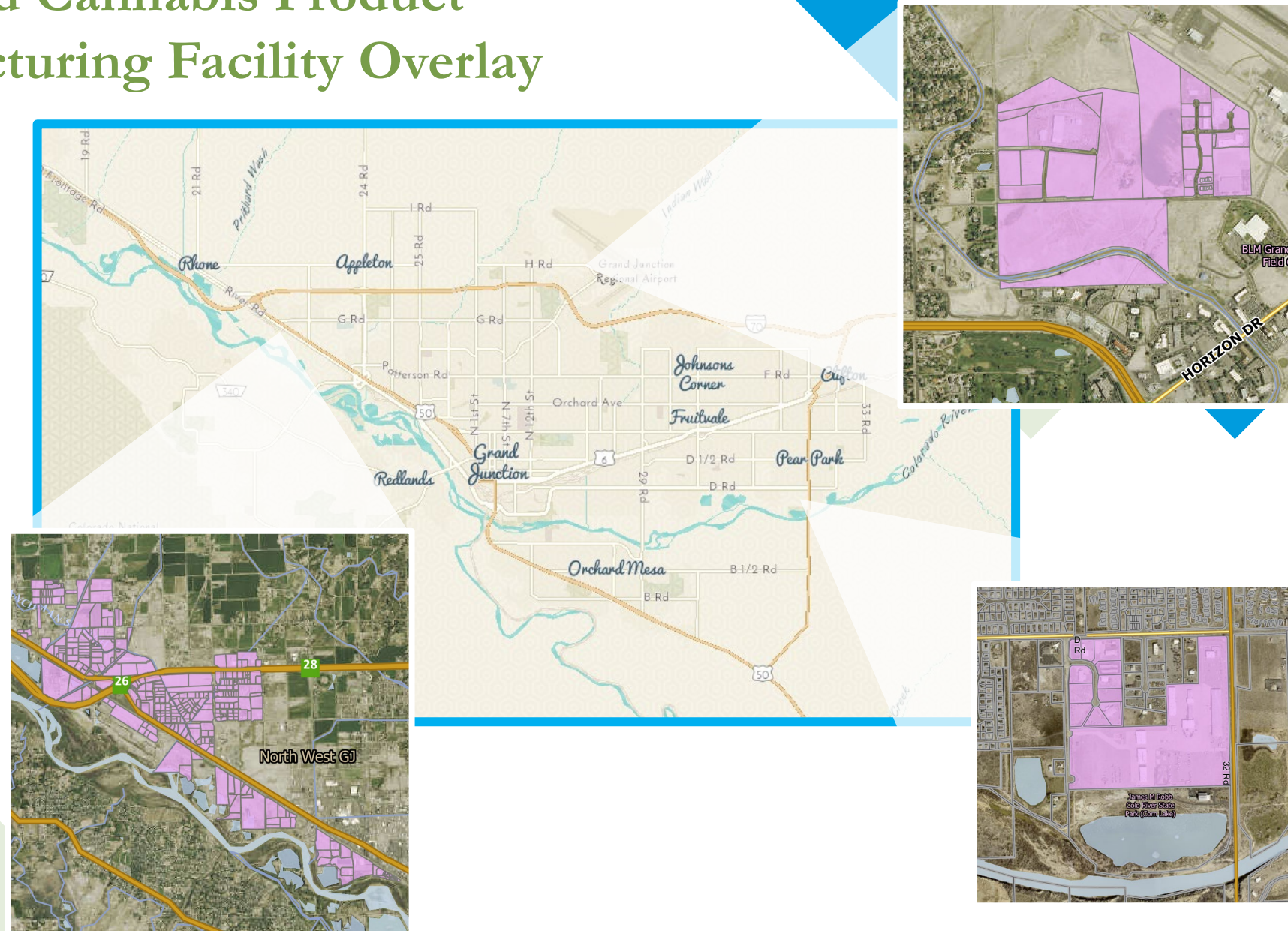
- Overlay based on the following zone districts, with thoughtful exclusions for compatibility:
 - *General Commercial (C-2)*
 - *Industrial Office (I-O)*
 - *Light Industrial (I-1)*
 - *General Industrial (I-2)*

Cannabis-infused product manufacturer

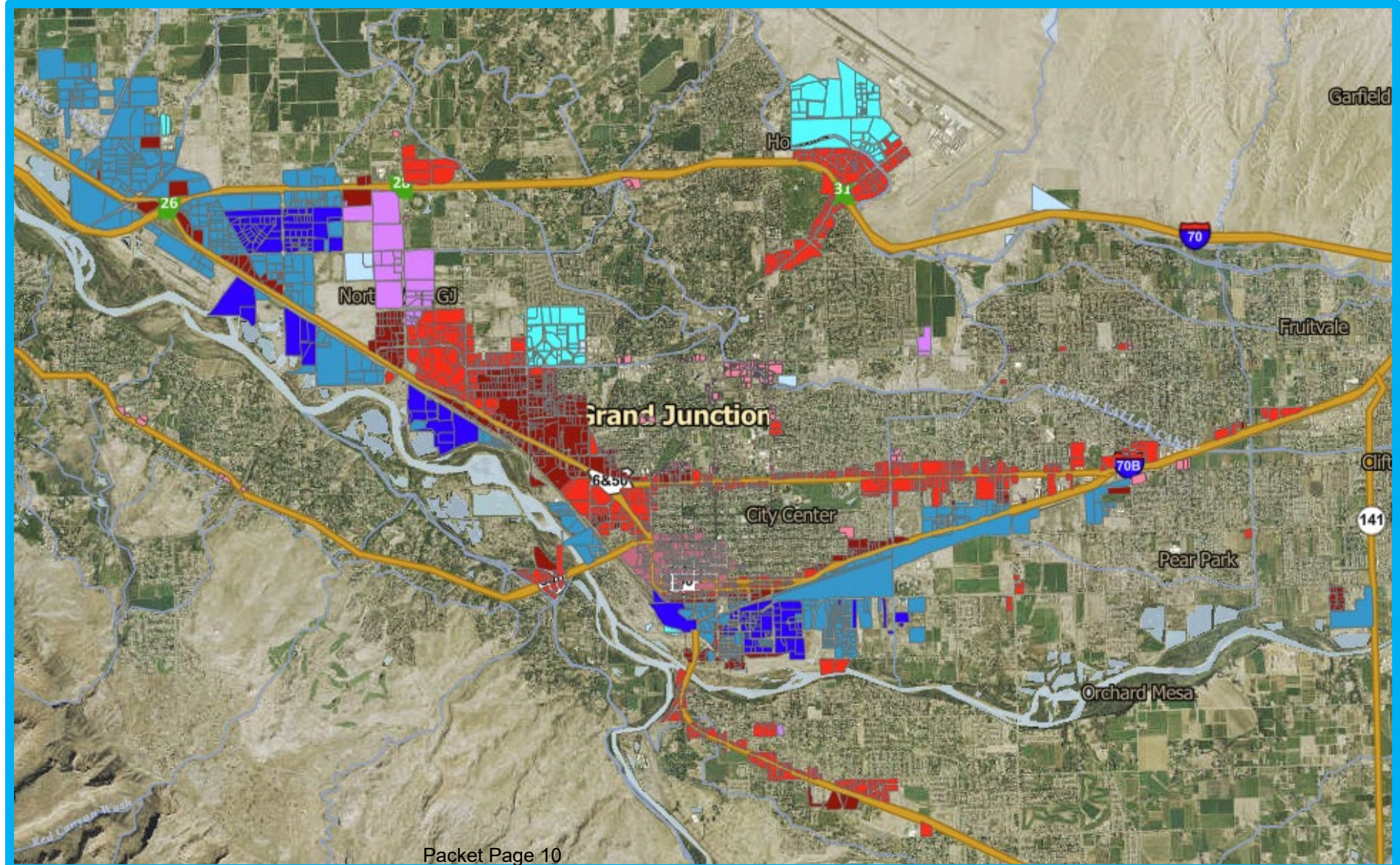
- Allowed by right:
 - *General Commercial (C-2)*
 - *Industrial Office (I-O)*
 - *Light Industrial (I-1)*
 - *General Industrial (I-2)*
 - *Light Commercial (C-1)*
 - *Downtown Business (B-2)*
 - *Mixed-Use (M-U)*
 - *Business Park Mixed-Use (BP)*

Proposed Cannabis Product Manufacturing Facility Overlay

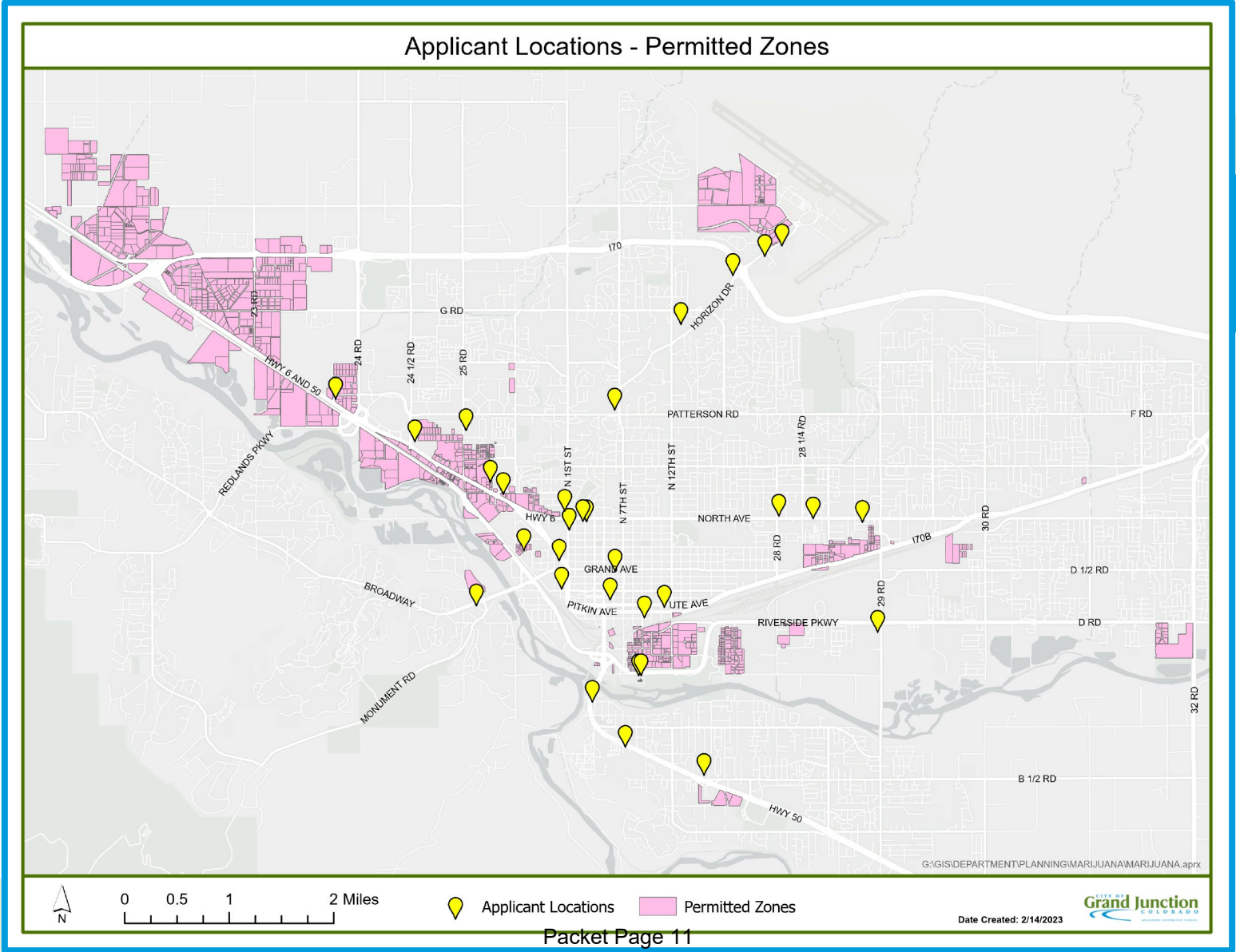
EXHIBIT A



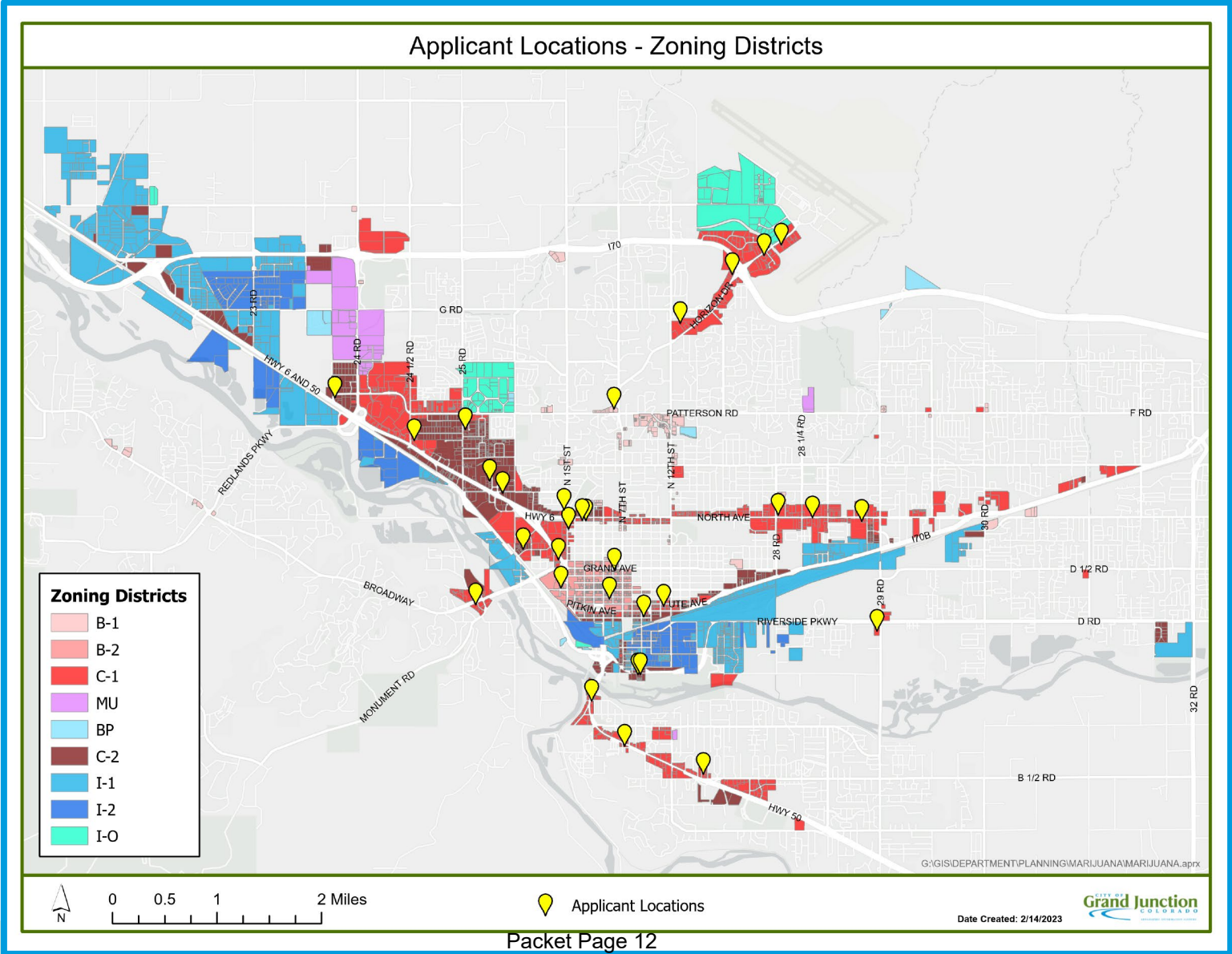
Proposed Cannabis-Infused Product Manufacturer Zone Districts



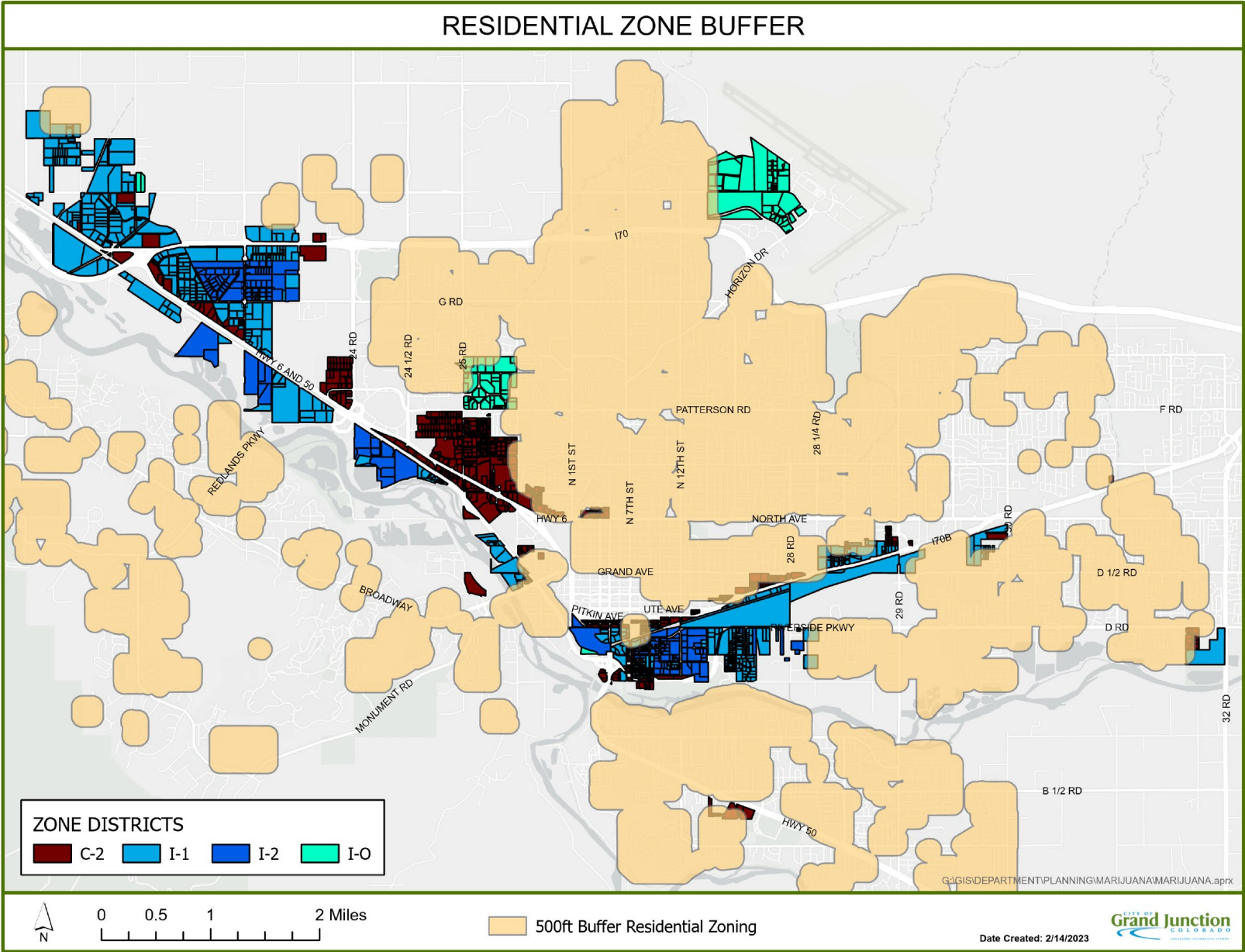
Retail Cannabis Store Applicants – Proposed Zones for Cannabis Product Manufacturers



Retail Cannabis Store Applicants – Zoning Districts for Cannabis Product Manufacturers



Buffer Around Residential Zones – 500 ft



Title 21, Chapters 4 and 10 – Use Standards

- Overlay established
- Cannabis Product Manufacturer Facilities must be located in standalone buildings
 - *Does not apply to Cannabis-Infused Product Manufacturers*
- Retail sales not permitted
 - *Only the 10 licensees under GJMC Chapter 5.13 may be permitted to co-locate*

ORDINANCE NO. _____

**AN ORDINANCE TO AMEND TITLE 21 CHAPTER 4 AND CHAPTER 10 OF THE
GRAND JUNCTION MUNICIPAL CODE REGARDING USE STANDARDS AND FOR
SPECIFIC LOCATION OF CANNABIS PRODUCT MANUFACTURING FACILITIES,
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 marijuana (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 marijuana centers, optional premises cultivation operations and medical marijuana 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 marijuana businesses. The moratorium, which was initially declared on 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 marijuana dispensary in the City of Grand Junction, regardless of the person, entity, or zoning. On October 13, 2010, 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 marijuana businesses and the amendment of the GJMC by prohibiting certain uses of marijuana (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 marijuana stores and made it legal for anyone 21 years or older to buy marijuana at such stores. In addition, Amendment 64 allows anyone 21 years or older to legally possess and consume up to one ounce of marijuana. Amendment 64 does not change the Federal law; it still remains illegal under Federal law to produce and/or distribute marijuana also known as cannabis.

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

business, or hold itself out as a marijuana facility, business, or operation of any sort in the City limits. Later that same year, City Council adopted Ordinance 4599 which prohibited the operation of marijuana cultivation facilities, marijuana product manufacturing facilities, marijuana testing facilities, and retail marijuana stores. Ordinance 4599 also amended Sections in Title 5, Article 15 of the GJMC that prohibit certain uses relating to marijuana.

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

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 marijuana businesses. A majority of the votes cast at the election were in favor of repealing the moratorium on marijuana businesses and in favor of taxation of cannabis businesses.

City Council has decided to allow certain regulated cannabis businesses within the City. On April 6, 2022, the City Council approved Ordinance No. 5064, the adoption of which included certain cannabis use licenses and regulations in the GJMC. On May 4, 2022, the City Council adopted Ordinance No. 5070 related to cannabis business licensing land use regulations, including use standards, buffering, and signage requirements.

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

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

This proposed ordinance amends the City's Code to permit cannabis product manufacturing facilities in the specific zone districts where like uses are permitted through an overlay informed by specific land uses including, certain schools and specific rehabilitation facilities, as well as residential districts. This ordinance also includes definitions for cannabis product manufacturing facilities.

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

After public notice and public hearing, the Grand Junction City Council finds that the amendments to allow cannabis product manufacturing facilities by and through the uses and the Use Table, are responsive to the community's desires and otherwise advance and protect the public health, safety and welfare of the City and its residents.

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

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-8	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.
Manufacturing and Production – firms involved in the processing, fabrication, packaging, or assembly of goods	<u>Cannabis product manufacturing facility</u>															A*				A*	A*	A*		
Retail Sales and Service	<u>Cannabis-infused product manufacturer</u>													A	A	A		A	A	A	A	A	A	

*Subject to the zone district being located within the adopted zoning overlay.

21.04.030 Use-specific standards.

(x) Cannabis Product Manufacturing Facilities.

(1) Applicability. These regulations apply to all Cannabis Product Manufacturing Facilities in the City in addition to the other provisions in the GJMC pertaining

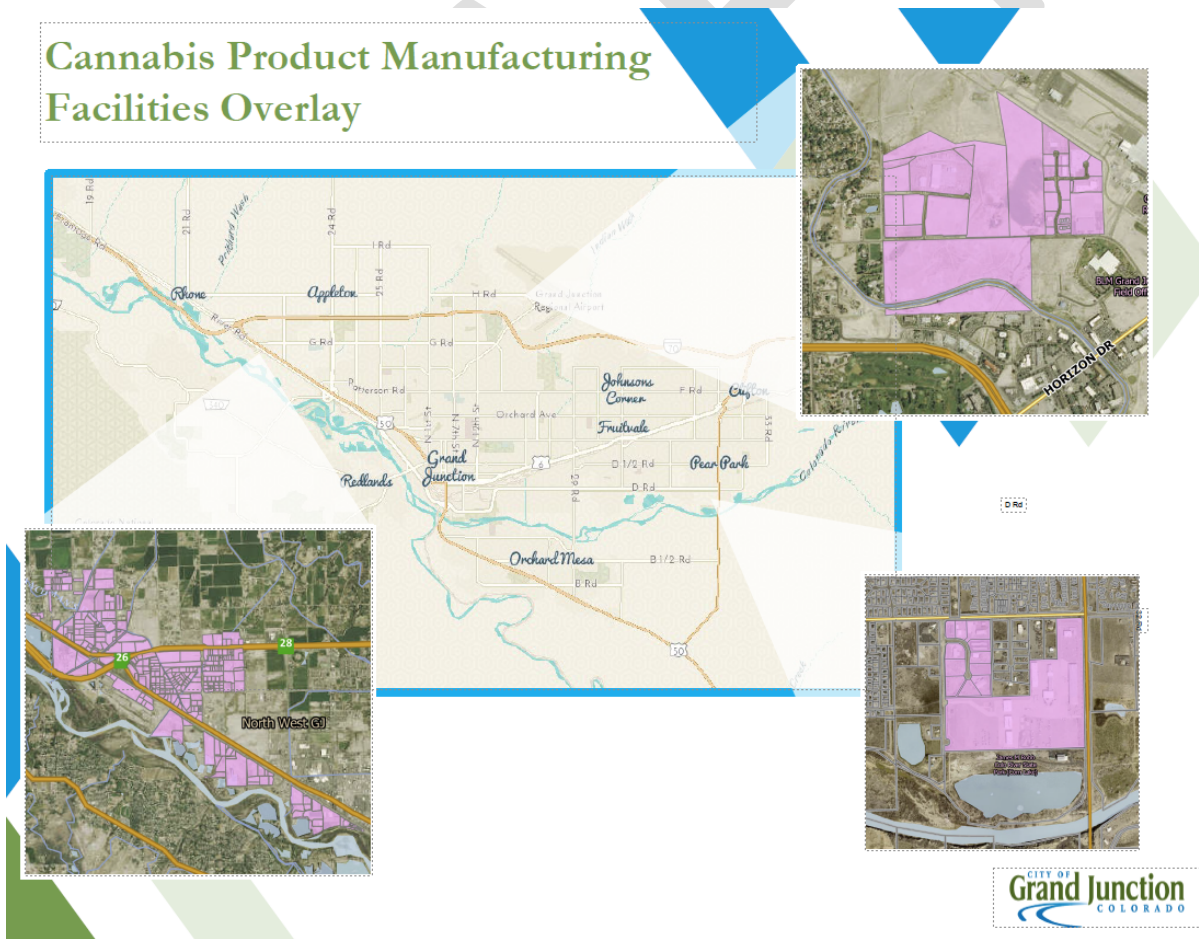
to cannabis businesses, including but not limited to, GJMC Chapters 5.10, 5.13, and 5.15.

(2) Zoning.

(i) Overlay established.

(A) The purpose of the Cannabis Product Manufacturing Facilities Overlay is to provide appropriate locations for extraction and processing of cannabis to occur within City limits while considering proximity to schools, rehabilitation facilities, and residential land uses.

(B) The Cannabis Product Manufacturing Facilities Overlay includes properties within the General Commercial (C-2) and Industrial (I-O, I-1, and I-2) zone districts as identified on the map.



(ii) Cannabis Product Manufacturing Facilities, excluding Cannabis-Infused Product Manufacturers, shall only be located in standalone buildings.

21.10.020 Terms defined.

Cannabis product manufacturing facility shall mean a business licensed as a Product Manufacturer to purchase cannabis; manufacture, prepare, and package cannabis products; and wholesale cannabis and cannabis products to other licensed cannabis businesses for wholesale.

Cannabis-infused product manufacturer shall mean a business licensed as a Product Manufacturer that utilizes cannabis previously extracted and/or manufactured off-site to infuse into products, prepare, and package products intended for wholesale. No on-site extraction is permitted in this use category.

All other provisions of Title 21 Chapter 4 and Chapter 10 shall remain in full force and effect.

Introduced on first reading the _____ day of _____, 2023 and ordered published in pamphlet form.

Adopted on second reading this _____ day of _____ 2023 and ordered published in pamphlet form.

ATTEST:

Anna Stout
President of City Council

Amy Phillips
City Clerk