



WASHOE COUNTY

Integrity Communication Service

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STAFF REPORT

BOARD MEETING DATE: **March 27, 2018**

DATE: March 9, 2018
TO: Board of County Commissioners
FROM: Sarah Tone, Management Analyst, Manager's Office, 328-2721, stone@washoecounty.us
Bob Webb, Planning Manager, Planning and Building Division
Community Services Department, 328-3623, bwebb@washoecounty.us
THROUGH: Dave Solaro, Arch., P.E., Assistant County Manager
Community Services Department, 328-3600, dsolaro@washoecounty.us
SUBJECT: Presentation and update on marijuana state and local codes governing medical and recreational marijuana. (All Commission Districts.)

SUMMARY

Presentation and update on marijuana state and local codes governing medical and recreational marijuana. Overview supports two agenda additional agenda items including the first reading of proposed amendments to Washoe County Code Chapter 53, Chapter 110 and Chapter 25 and business impact statement for related fees.

Washoe County Strategic Objective supported by this item: Safe, Secure and Healthy Communities

PREVIOUS ACTION

On **December 19, 2017**, the Board of County Commissioners (Board) initiated an amendment to WCC Chapter 25 (Business License), Chapter 110 (Development Code) and Chapter 53 (Miscellaneous Crimes) to provide for the operation of marijuana establishments which are licensed by the State of Nevada under NRS Chapters 453A (medical marijuana) and 453D (recreational marijuana). The Board approved a vision and three key focus areas to guide the code amendments.

On **July 25, 2017**, the Board amended WCC Chapter 25 to include new regulations on temporary marijuana establishment business licenses for recreational marijuana. These licenses expire on July 1, 2018, or on a later date if the State Department of Taxation extends its license expiration date for the quick start program.

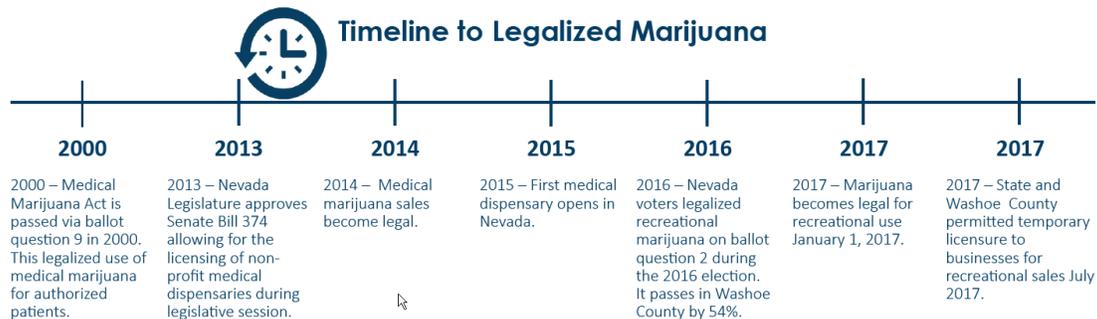
On **April 8, 2014**, the Board amended WCC Chapter 25 to include new regulations on medical marijuana establishments.

AGENDA ITEM # _____

On **June 25, 2013**, the Board initiated proceedings for all Washoe County Code (WCC) Chapters requiring amendments for medical marijuana resulting from legislation passed by the 2013 Nevada State Legislature.

BACKGROUND

By separate votes of the people, marijuana use is legal in Washoe County with amendments to the State Constitution in 2000 and 2016 to allow for marijuana establishments that can grow, produce, distribute and offer products for sale to individuals with medical need (medical) and to individuals over the age of 21 (recreational). Enabling legislation guiding implementation of legalized marijuana was created during the 2013 and 2017 legislative sessions (NRS 453A and NRS 453D, respectively).



Attachment A *Washoe County and Legalized Marijuana* provides a general timeline and additional quick references on the regulation adoption process through the state.

During the 2017 Legislative Session, the Nevada Department of Taxation became the responsible agency to oversee legalized marijuana in the State of Nevada. State responsibilities for oversight of marijuana industry include:

- Establishing the total number of retail marijuana stores (including recreational stores/medical dispensaries);
- Creating Statewide licensure for marijuana establishments; review and enforcement of labeling and packaging;
- Regulating advertising, logo's, signs for marijuana establishments;
- Setting public health standards, review and inspections;
- Providing for staff and medical patient registration process;
- Identifying standards for age verification;
- Managing a marijuana inventory system;
- Regulating transportation requirements;
- Reporting and transmitting marijuana taxes at state level; and,
- Establishing requirements and standards for operation of store (medical and recreational), production, cultivation and laboratories.

The statewide application process requires plans for security, financial and inventory management among others.

Washoe County's oversight for legalized marijuana includes identifying the appropriate licensing process and regulatory zoning (NRS 435A and 453D). State law also provides for revenue to local jurisdictions for carrying out requirements of NRS 453A and 453D.

In unincorporated Washoe County, the licensing, review and revenue structure for legalized marijuana mirrors the business license process for other legal businesses including liquor. Public safety concerns are addressed through responsibilities of local fire, enforcement and health regulatory authorities. Generally, Washoe County's role is limited to:

- *Regulatory Zoning*, where a business can be located considering State Laws on zoning and distance from schools and community facilities.
- *Business Licensing*, including fees, hours of operation, and the look and feel of retail businesses
- *Public Safety*, focusing on security requirements and local law enforcement.

See Attachment A, *Washoe County and Legalized Marijuana* for additional information on Washoe County's role in regulating marijuana.

Adoption of state and local regulations for a *Quick Start Program* in the spring and summer of 2017 allowed for the implementation of legalized recreational marijuana use at medical marijuana establishments operating and in good standing. In July of 2017, the Board approved amendments to Washoe County Code Chapter 25 to provide for operation of recreational marijuana establishments at state certified medical marijuana facilities on a temporary basis. All temporary marijuana establishment business licenses will expire on July 1, 2018 (this date is based on the expiration of State temporary licenses).

Adoption of temporary regulations guiding legalized recreational marijuana in Nevada provided a yearlong window for state and local governments to develop 'permanent regulations' governing legalized marijuana. Initial drafts of State permanent regulations were publically reviewed in August 2017. The State of Nevada Legislative Commission recently approved final regulations at the February 27, 2018 meeting (Attachment B).

Washoe County Board of Commissioners has made leadership in the implementation of this new industry a priority through their adopted strategic plan and has seen this actualized in more than 10 presentations before the Board since 2013, 11 public and community meetings in the last three years, and a working implementation team representing 30 County divisions through two established committees.

Washoe County Strategic Goal - Marijuana

"Proactively prepare for the expected impacts of the use, production, cultivation, distribution of legal marijuana in Nevada (NRS 453A and 453D), mitigating the consequences for marijuana by capitalizing on knowledge of the impacts from other regions that have legalized marijuana."

In a parallel process to the State, 18 members of the Code and Enforcement sub-committee of the Marijuana Strategic planning team met 8 times to strategize, analyze and prepare draft code amendments based on the following premises:

- Include lessons learned during medical marijuana and quick start recreational marijuana to guide the development of permanent regulations,
- Include public feedback from marijuana community meetings, which has been extensive and provides insight to their underlying concerns,

- Include guidance from enforcement, permitting, air quality, legal and public safety professionals,
- Capture professional discussions on the creation of code amendments and has the potential to guide future policy, legislative direction or internal resource and programming needs,
- Initiate code amendment process prior to completion of state regulations to allow for professional discussions with policy makers to provide feedback on statewide regulations and honor the time necessary for the Board to work through the public process to amend local codes, and
- The vision and direction of the Board of County Commissioners shall guide the creation of permanent regulations guiding the implementation of legalized marijuana.

Commission policy and Key Components: implementation of legalized Marijuana

The Board confirmed its guiding policies and three key components for code amendments during its December 19, 2017 meeting. The policies were developed considering public feedback on marijuana topics over the last two years and direction in during the Board’s strategic planning retreat August 2017.

Board Policy for Marijuana Code Implementation

I. Extent and impact of legalized marijuana in unincorporated Washoe County
<u>BCC Policy:</u> Address traffic, public safety, visual, air quality and other direct impacts on neighborhood communities by limiting the extent and impact of legalized marijuana in unincorporated Washoe County.
II. Accountability
<u>BCC Policy:</u> Acknowledge the role of state partners and local jurisdictions in the governance and enforcement of legalized marijuana; and, industry should pay for the direct and indirect costs of legalized marijuana.
III. Regional Parity and Equity
<u>BCC Policy:</u> Partner with local jurisdictions to ensure streamline process, but consider unique needs of unincorporated Washoe County.
IV. Extent of Public Participation
<u>BCC Policy:</u> Ensure transparency and consideration for public feedback during the code review process and mimic other similar licenses (liquor).
V. Simplicity, streamline processes, streamline code
<u>BCC Policy:</u> Streamline and simplify processes to treat medical and recreational marijuana in the same manner and ensure clarity in the process.

Three Key Components of Marijuana Code Implementation

1. Single licensure of medical and recreational facilities.
2. Institute a 3% license fee on marijuana establishments, recoup all costs for compliance inspections and licensing, and consider a separate application fee for marijuana during the review of fees for all businesses.
3. Prohibit public use lounges or other similar public facilities until more robust conversations occur at the state legislature and/or with local jurisdictions.

Stakeholder/Public Participation

To support the development of proposed code amendments, feedback from three key stakeholders including regional partners, public, and industry was solicited through multiple platforms including regional staff meetings, online education including an Open Washoe Survey, and community meetings.

Regional Partners

Monthly regional partner discussions led to the development of an understanding of marijuana regulations at the local government level in Washoe County to ensure alignment and regional parity, where possible. Attachment C outlines approach by the three entities in proposed regulations categorized by key topic areas.

Public and Industry

Feedback on four policy areas were asked of both general public and industry through online Open Washoe survey (over 338 responses) and community meetings (24 participants) and included:

- Public consumption lounges,
- Home delivery services,
- Hours of Operation, and
- Distance from 'Community Centers.'

Attachment D outlines the public and industry engagement approach.

In response to public comments, the following changes are planned or will continue including:

- Responses from public support previous comments reinforced the Board's direction for implementation under Policy I and three approved key components,
- Continue education effort to clarify roles and responsibilities of state and local government in regulating marijuana,
- Protecting the vulnerable populations, public health and public safety concerns are planned to be incorporated into the public education and outreach programming for discussion by the Marijuana Strategic Working group team in fiscal year 2018-2019, and

- Feedback on community perspective for items related to state responsibilities is shared with appropriate representatives. For example, questions regarding appropriate signage content, limitations on packaging, and limitations on the type of products are the responsibility of the State of Nevada Department of Taxation.

In response to industry comments at the February 1, 2018 meeting, the following changes were made including:

- A provision for more flexible payment timelines is included in the draft Master Business License Fee Schedule,
- Options for expanded hours of operation,
- Concerns regarding timing of obtaining the County registration card was addressed by Sheriff's Office with stakeholders and resolved with an extended timeline for temporary registration cards, and
- Discussions and valuable suggestions on "smoking lounges" was recorded to be included in future Board and staff discussions on this topic.

Public and industry engagement is a continuous process and will continue including upcoming industry meetings in March and online survey extension through April 2018.

FISCAL IMPACT

No Fiscal Impact

RECOMMENDATION

Accept presentation and update on marijuana state and local codes governing medical and recreational marijuana.

POSSIBLE MOTION

Move to presentation and update on marijuana state and local codes governing medical and recreational marijuana.

- Attachment:
- A. Washoe County and Legalized Marijuana (Education Piece)
 - B. State Regulation Process/Timeline
 - C. Regional Comparison of Marijuana Regulations as of 3/1/2018
 - D. Key Findings - Public Input