



**COMMUNITY
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**WDCA22-0003 (Cannabis Consumption
Lounges) – Appeal of Planning
Commission Denial and 1st Readings
January 17, 2023 BCC Meeting**

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Subject - Cannabis Consumption Lounges



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1. Appeal of Planning Commission denial of WDCA22-0003 (WCC Chapter 110 amendments)
2. Introduction and first reading of proposed ordinance amending WCC Chapter 110
3. Introduction and first reading of proposed ordinance amending WCC Chapter 25

Background



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- Concept of lounges/public use debated ever since medical and recreational (adult use) cannabis became legal in Nevada
- Since legalization, consumption of cannabis has only been allowed in private homes or on private property
- Dilemma for out of state visitors or for members of the public prohibited from consuming cannabis in their private residence
- During the 2021 legislative session, Assembly Bill (AB) 341 was passed to address consumption (and social equity) issues

Background



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- AB 341 authorized the licensure and regulation of cannabis consumption lounges; and,
- Directed the Cannabis Compliance Board (“CCB”) to adopt implementing regulations, including social equity provisions
- The CCB approved Nevada Cannabis Compliance Regulation (“NCCR”) #15 on June 28, 2022
- Local governments are not required to allow consumption lounges – local regulations can be more restrictive than CCB but not less

AB 341 / CCB Regulations



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- The final regulations included requirements for (among other items):
 - ❑ The location of retail lounges;
 - ❑ Product procurement and storage methods;
 - ❑ Employee training and consumer education;
 - ❑ Product types and serving sizes;
 - ❑ Indoor air quality, ventilation standards, and consumption visibility;
 - ❑ Health standards for food preparation and service;
 - ❑ Incident reporting, **impaired driving mitigation (NCCR 15.080)**, and sanitation;
 - ❑ The criteria for issuing licenses for independent consumption lounges.

Background



- At its September 20, 2022 meeting, the Board directed staff to initiate regulations that would:
 - ❑ Allow cannabis consumption lounges in unincorporated Washoe County
 - ❑ Allow both types of lounges authorized by NRS (i.e. retail and independent)
 - ❑ Not be more restrictive than NRS regarding the location and number of lounges allowed; and,
 - ❑ Potentially allow outdoor consumption areas (up to local governments to decide – some state regulations in NCCR 15.090)

Background



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- At the October 11, 2022 BCC meeting, the Board voted to initiate county code amendments that would:
 - ❑ Implement the Board's September 20th policy direction regarding cannabis consumption lounges
 - ❑ Amend Washoe County Code Chapter 25 (Business Licenses, Permits and Regulations) to add consumption lounge regulations
 - ❑ Amend Chapter 110 (Development Code) to add consumption lounges as an allowed use and create development standards; and,
 - ❑ Update all matters necessarily connected therewith and pertaining thereto (mostly affecting WCC Chapter 25)

Background



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- Staff has drafted the necessary code amendments (based on Board direction) to enable the establishment of cannabis consumption lounges in unincorporated Washoe County
- Amendments to WCC Chapter 110 (Development Code) must first be approved by the Planning Commission
- At the 12-6-22 meeting, the Planning Commission denied the proposed amendments to WCC Chapter 110 (3-3 vote)
- The Board adopts amendments to WCC Chapter 25 (Business Licenses) – each chapter is amended by **separate ordinances**

Background



- Staff has appealed the PC denial to honor the Board's previous direction to provide a draft ordinance for Board consideration
- Therefore, the first action the Board must take is to hold a public hearing and render a decision on the PC appeal
- If the appeal is granted (i.e. PC decision is overturned), then the Board may introduce and conduct first readings of the proposed ordinances
- The Board may introduce both ordinances as presented, direct staff to return with modifications, or vote to not introduce the ordinances

Background



- The Board is not required to introduce both ordinances; however,
- Adoption of both ordinances is required to enable the establishment of consumption lounges
- If the Board decides to introduce only one of the ordinances, then staff highly recommends amending WCC Chapter 25
- Proposed amendments to Chapter 25 include much needed updates to code to be consistent/comply with changes to NRS
- Including language related to cannabis consumptions lounges in Ch. 25 does not enable (by itself) establishment of lounges

Retail Consumption Lounges



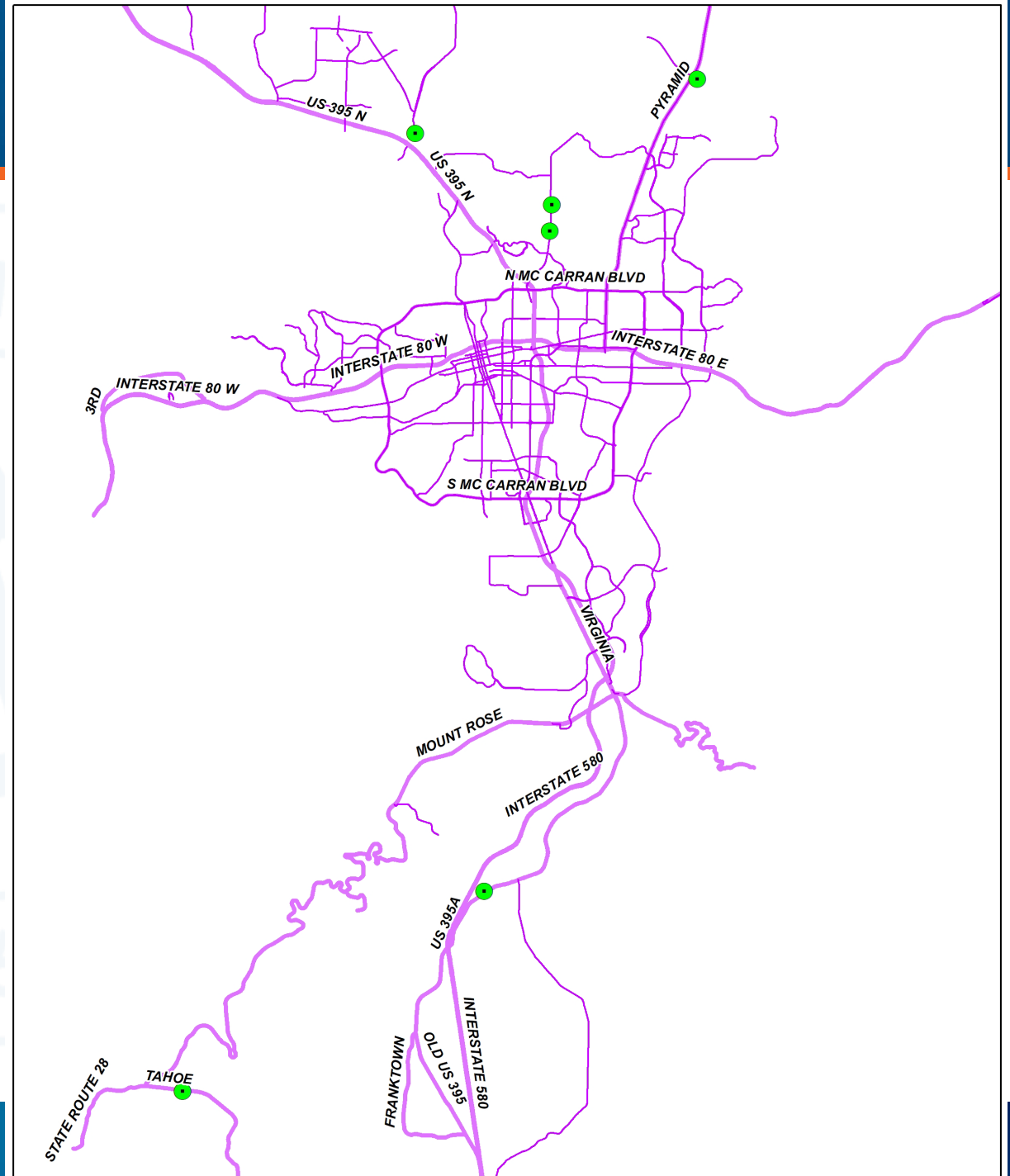
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- Must be affiliated with an existing licensed adult use cannabis retail/medical dispensary
- Existing license holder must therefore apply for and be the consumption lounge licensee
- Per NRS, total # of lounges allowed by jurisdiction is currently limited to # of existing retail dispensaries (6 currently exist in UIC) – also limited by # of applications received by CCB
- Must be materially attached to or immediately adjacent to the dispensary facility (adjacent meaning on the same parcel or on a property sharing a common property line) – not across a street

Location of Existing Retail Dispensaries

6 Facilities Operating (max currently allowed by State in UIC)

- 2 in Sun Valley
- 1 in Spanish Springs
- 1 in Lemmon Valley
- 1 in Washoe Valley
- 1 in Incline Village



Independent Consumption Lounges



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- Stand-alone facilities in a location not associated with an existing retail dispensary
- Limited to the number equal to the total number of retail lounges in the state (and a given jurisdiction); however,
- In the first application round the State will limit the # of independent lounge licenses issued to 20 total statewide
- 50% of the licenses must be awarded to “social equity” applicants
- The state will select qualified/vetted applicants via random number generator and based on social equity score

State / CCB Licensing Parameters



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- First round of licensing opened October 14-27, 2022
- The CCB received a total of 99 applications statewide, most of which were for independent lounges
- On Nov. 30, 2022 the state selected applicants and awarded a total of 40 prospective licenses (20 independent and 20 retail)
- Only one retail lounge license was awarded in Washoe County (to the dispensary in Washoe Valley)
- All independent lounge licenses were awarded to southern NV

Existing Regulations



- WCC Chapters 25 (Business License) and 110 (Development Code)
- Chapter 25 contains existing operating and application regulations
 - will be updated to reflect recent legislative action

Commercial Use Types (Section 110.304.25)	LDR	MDR	HDR	LDS/ LDS 2	MDS/ MDS 4	HDS	LDU	MDU	HDU	GC	NC	TC	I	PSP	PR	OS	GR	GRA
Marijuana Establishments																		
Marijuana Cultivation Facility	--	--	--	--	--	--	--	--	--	A	--	--	A	--	--	--	--	--
Marijuana Product Manufacturing Facility	--	--	--	--	--	--	--	--	--	A	--	--	A	--	--	--	--	--
Marijuana Testing Facility	--	--	--	--	--	--	--	--	--	A	--	--	A	--	--	--	--	--
Retail Marijuana Store/ Medical Dispensary	--	--	--	--	--	--	--	--	--	A	A	A	A	--	--	--	--	--
Marijuana Distributor	--	--	--	--	--	--	--	--	--	A	--	--	A	--	--	--	--	--

Proposed Amendments to Ch. 110



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- 110.302 (Allowed Uses): By adding new uses to Table 110.302.05.3 to allow retail and independent cannabis consumption lounges
- 110.304 (Use Classification System) by adding use definitions for retail and independent cannabis consumption lounges
- 110.410 (Parking and Loading) by adding parking standards to Table 110.410.10.3 for retail and independent cannabis consumption lounges; and,
- All matters necessarily connected therewith and pertaining thereto

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[illegible]

Article 304.25 Commercial Use Type Definitions

- (6) Retail Cannabis Consumption Lounge.** A retail cannabis consumption lounge, as defined by NRS 678A.237, means a business that:
- (a) Is licensed by the Cannabis Compliance Board pursuant to [NRS 678B.250](#);**
 - (b) Is attached or immediately adjacent to an adult-use cannabis retail store; and**
 - (c) Allows single-use cannabis products or ready-to-consume cannabis products to be consumed on the premises of the business by persons 21 years of age or older.**
- (7) Retail Cannabis Consumption Lounge with Outdoor Area.** A retail cannabis consumption lounge with outdoor area means a business that meets the same requirements of sub-section (6) above, but also has an approved outdoor consumption area meeting the requirements of the Washoe County Health District and WCC Chapter 25.

Article 304.25 Commercial Use Type Definitions (Continued)

- (8) Independent Cannabis Consumption Lounge.** An independent cannabis consumption lounge, as defined by NRS 678A.157, means a business that:
- (a) Is licensed by the Cannabis Compliance Board pursuant to [NRS 678B.250](#);**
 - (b) Is not attached or immediately adjacent to an adult-use cannabis retail store; and**
 - (c) Allows single-use cannabis products or ready-to-consume cannabis products to be consumed on the premises of the business by persons 21 years of age or older.**
- (9) Independent Cannabis Consumption Lounge with Outdoor Area.** An independent cannabis consumption lounge with outdoor area means a business that meets the same requirements of sub-section (8) above, but also has an approved outdoor consumption area meeting the requirements of the Washoe County Health District and WCC Chapter 25.

Proposed Amendments to Ch. 110



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Article 410 (Parking and Loading) Commercial Uses Table 110.410.10.3

	Per 1,000 Square Feet Building Space	Per Employee During Peak Employment Shift	Other
Building Maintenance Services	2		
<u>Marijuana Cannabis</u> Establishments			
<u>Marijuana Cannabis</u> Cultivation Facility		1	
<u>Marijuana Cannabis</u> Production Manufacturing Facility		1	
<u>Marijuana Testing Facility</u> <u>Cannabis Independent Testing</u> <u>Laboratory</u>		1	
Retail Marijuana <u>Adult Use</u> <u>Cannabis Retail Store</u> /Medical Dispensary	5	1	
<u>Retail Cannabis Consumption</u> <u>Lounge</u>	5	1	<u>Conversion of existing square</u> <u>footage within the associated</u> <u>adult use cannabis retail store</u> <u>is exempt.</u>
<u>Retail Cannabis Consumption</u> <u>Lounge – with Outdoor Area</u>	5	1	<u>Conversion of existing square</u> <u>footage within the associated</u> <u>adult use cannabis retail store</u> <u>is exempt.</u>
<u>Independent Cannabis</u> <u>Consumption Lounge</u>	5	1	
<u>Independent Cannabis</u> <u>Consumption Lounge – with</u> <u>Outdoor Area</u>	5	1	

CAB Input / Agency Outreach



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- Staff held an “all Citizen Advisory Board (CAB)” workshop on November 7, 2022 – see next slide for summary
- The Washoe County Health District (WCHD) has reached an agreement that the CCB will take lead responsibility for enforcement of health-related regulations inside consumption lounges
- Staff has not received any specific comments, recommendations, or concerns from the Sheriff’s Office (to date)

Summary of CAB Input



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- Safety concerns about impaired driving
- Concerns over spending additional enforcement resources
- Opposition to consumption lounges in Incline Village/Crystal Bay
- Concerns about the speed of ordinance adoption and opportunities for public input
- Concerns about smoking areas and food service (which is currently prohibited for tobacco)
- Will OSHA regulations apply to lounges – workplace safety concerns
- Industry concerns that the full range of potential consumption lounge activities are not currently being considered (e.g. live entertainment, food pairing, and weddings/events)

Proposed Amendments to Ch. 25



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- Section 25.013 (Definitions): Adds a variety of new cannabis related definitions, to include defining retail and independent cannabis consumption lounges
- Incorporates changes in NRS regarding cannabis terminology and corrects NRS chapter references
- Section 25.700 through 25.792: Adds new or revised cannabis establishment use types, to include retail and independent cannabis consumption lounges (with or without option of outdoor lounge area)
- Any outdoor lounge area would be limited to cannabis products (ie. edible or infused), or vaping products – no smoking of flower
- Incorporates changes to NRS regarding licensing and regulation of cannabis establishments

Amendment Adoption Timeline



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- Planning Commission: December 6, 2022 – public hearing to deny or recommend approval to the BCC (WCC Chapter 110 only)
- BCC First Reading of Ordinances: January 17, 2023 – Introduction of ordinance and bill number assignment; Both WCC Chapter 110 and Chapter 25 amendments
- BCC Second Reading and Adoption of Ordinances: January 24, 2023 – If passed, effective 20 days after

3 separate possible motions, references beginning on **page 7**:

1. Appeal of Planning Commission Denial
2. Introduction and first reading of amendments to WCC Chapter 25
3. Introduction and first reading of amendments to WCC Chapter 110
4. Application fees? (*Optional direction*) – Existing 3% tax on revenue will apply to any consumption lounge uses

If the ordinances are introduced, to set the public hearing for the second readings and possible adoption of the two ordinances for February 14, 2023

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Thank you



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