

Marijuana Licensing Work Group Meeting #1

May 14, 2020

Attendance:

- Ashley Kilroy (co-chair), Denver Department of Excise and Licenses
- Molly Duplechian (co-chair), Denver Department of Excise and Licenses
- Councilwoman Kendra Black, Denver City Council
- Councilwoman Candi CdeBaca, Denver City Council
- Councilman Chris Hinds, Denver City Council
- Michelle Garcia, Denver Mayor's Office of Social Equity and Innovation
- Anshul Bagga, Denver City Attorney's Office
- Lt. Andrew Howard, Denver Police Department
- Jason Moore, Denver City Attorney's Office
- Michel Holien, Denver Public Schools
- Sarah Woodson, The Color of Cannabis
- Shawn Coleman, 36 Solutions
- Truman Bradley, Marijuana Industry Group
- Jacqueline Flug, Drizly
- Art Way, Equitable Consulting
- Sarah Belstock, Denver Public Health
- John Bailey, Black Cannabis Equity Initiative
- Clarissa Kriek, National Cannabis Industry Association
- Ryan Tatum, Cultivated Synergy
- Henny Lasley, Smart Colorado
- Dan Pabon, Schwazze
- Kenneth Allison, community representative
- Ean Seeb, Governor's Office
- Jessica Scardina, Vicente Sederberg
- Diane Cooks, community representative

Agenda:

1. Welcome and Introductions
2. MLWG Topic Roadmap
3. MLWG Purpose and Ground Rules
4. MLWG Meeting Format
5. Goals for Implementation
6. Incorporating Equity into Marijuana Licensing
7. Topic #1: Marijuana Delivery Program
8. Public Comment
9. Next Steps

Meeting Notes:

Item	Discussion
Equity Overview	<ul style="list-style-type: none"> • The Department and a representative from the Mayor’s Office of Social Equity and Innovation discussed the importance of equity to the administration and how all topics discussed by the MLWG would be viewed with an equity lens. • One member expressed interest in knowing more about the saturation of marijuana licenses in some neighborhoods and asked whether that context would be provided prior to future meetings or discussions about equity. The member also requested visual aids to show where marijuana businesses are the city and asked whether we can provide geographic data that shows where marijuana business owners and employees work. • One member recommended looking at data to show the number of marijuana businesses in District 9 and the number of owners or employees who are people of color. • One member recommended reaching out to the state marijuana licensing authority to request data on license or owner and employee badge denials.
Should Denver opt in to marijuana delivery?	<p><u>Patient Access</u></p> <ul style="list-style-type: none"> • Several members expressed the importance of implementing medical marijuana delivery as soon as possible in order to enhance patient access to marijuana, especially due to COVID-19. <p><u>Equity</u></p> <ul style="list-style-type: none"> • One member expressed concern about opening up delivery licensing without understanding what went wrong with marijuana licensing to begin with. • Several members pointed to equity provisions in delivery models in other jurisdictions, such as Massachusetts and Oakland, which reserve licenses for equity applicants. • One member expressed that under the current constraints of the law, delivery is the least opportune for equity because of the requirement to have a store or transporter license and suggested moving forward with delivery as the law currently allows, and focus equity conversations on other license types. Another member suggested eliminating the requirement to grant delivery licenses only to existing stores or transporters, as this requirement is a barrier to entry for marginalized communities. • The City Attorney’s Office clarified that state statute requires that delivery licenses go to existing stores or transporters. • One member expressed that the medical marijuana delivery space is occupied already, because those patients are associated with a dispensary already.

	<ul style="list-style-type: none"> • One member noted implementing medical delivery now does not create opportunities for equity applicants, since only medical store license holders can apply for delivery licenses until 2021. The member expressed that medical delivery could be allowed now to meet patient access needs as long as retail delivery has equity provisions, such as 1-for-1 licensing when implemented in 2021.
<p>If Denver allows marijuana delivery, should it include retail marijuana delivery, medical marijuana delivery, or both and what should the timing/sequencing look like?</p>	<p><u>Underage Access/General Usage</u></p> <ul style="list-style-type: none"> • Several members expressed concerns about cannabis deliveries taking place without ID checks, and cited experience with liquor deliveries where a package was left at the door with no ID check. • Several members expressed that state rules are clear on age verification requirements for cannabis deliveries, and have strict consequences for violation, including possible revocation of associated licenses. • One member expressed that the state has created more guidelines for cannabis delivery than for alcohol delivery. • One member clarified that when alcohol is delivered from a local retailer, a face-to-face ID check must occur, while when a delivery occurs via a common carrier (such as a wine shipment), sometimes the ID check does not occur. • Several members expressed concerns about impacts on adult and youth marijuana usage rates. One member recommended waiting for Healthy Kids CO Survey results to assess what impact delivery could have on youth use, while another member cited Healthy Kids CO Survey data indicating from what sources youth obtain marijuana. • Another member expressed concerns about the impact of increasing access to marijuana on both youth and adult usage rates, and expressed the need to have surveillance mechanisms in place to prevent unintended consequences and avoid overburdening any group in our communities. <p><u>Opt-in/Timeline</u></p> <ul style="list-style-type: none"> • Several members expressed a desire to move forward with retail and medical marijuana delivery. • Several members expressed a preference for rolling out medical marijuana delivery as soon as possible, without delaying implementation of retail marijuana delivery. • Several members noted that the state allowed marijuana businesses to stay open as essential businesses. One member noted that there are people who use marijuana for medical purposes but obtain it from the retail market, making both types of businesses essential for patient access.

	<ul style="list-style-type: none"> • One work group member asked whether we could opt into medical and retail marijuana delivery simultaneously, while advocating for changes to state law that creates more opportunities in delivery licensing for equity applicants. • One member suggested opting into the state’s rules for medical marijuana delivery immediately. Another member stated that the local jurisdiction is not required to issue its own delivery license or permit and would not have to create a licensing program for delivery. • One member noted that illegal deliveries are already occurring. • One member wondered if the city could go beyond the constraints of state law when implementing its delivery program. <p><u>Equity</u></p> <ul style="list-style-type: none"> • One member suggested working with state legislators to make delivery more accessible to equity applicants. • One member expressed that equity must be a part of the sequencing conversation, and said the only marijuana businesses that can take part now are current medical marijuana stores, whose owners would gain early entry to the market. The member also asked about the possibility of issuing revoked licenses to equity applicants to bolster an equity program. • One member suggested clarifying what equity means before giving any group a head start, especially if we’re not giving the head start to marginalized people. • One member noted that the cost of capital to enter the cannabis industry has kept going up, squeezing out those with less access to capital, and suggested adding a small fee to the delivery program and putting the revenue into a social equity fund. • One member pointed to Evanston, IL which has a reparations program that is funded by a surcharge on their cannabis sales. Another member noted that this surcharge is applied to the buyer, which could be construed as a surcharge on communities most impacted by the War on Drugs. • One member noted that due to surveillance requirements and other costs, the cost of starting a transporter business could be as high as \$300,000, which could be a barrier to entry to many. • One member noted that the marijuana industry was more diverse in 2009 than it is now. The member said that capital requirements, cost of compliance, and licensing fees mount to create barriers to entry.
Should Denver allow deliveries into the city from stores located	<p><u>Taxation/Surcharge</u></p> <ul style="list-style-type: none"> • One member asked if revenue from the delivery surcharge could be redirected into social equity fund. The Department responded that

<p>outside the city? Should Denver have any different requirements for cross-jurisdictional deliveries?</p>	<p>it would depend on whether the city would have additional law enforcement costs, and it would depend on the City Attorney’s Office interpretation of the statutory language.</p> <ul style="list-style-type: none"> • One member noted that less than 1% of alcohol sold nationally was sold through e-commerce last year, and expressed that it took people some time to get comfortable buying things online, so it may take a while for people to adopt cannabis delivery. The member noted an estimated increase of 300-400% in alcohol delivery due to COVID-19 (which still represents only 3-4% of alcohol sales), and suggested extrapolating this information to estimate the demand for marijuana delivery. • One member expressed that customer loyalty and brand recognition is where the industry is moving, and suggested that customers probably won’t balk at an additional surcharge for a delivery from another jurisdiction because they care more about getting the specific brand of product they want. • One member suggested the city put a surcharge on deliveries leaving Denver and/or make it a taxable event, and suggested the city separate delivery revenue out from general collection. • One member expressed that they have not found a compelling reason to limit delivery to geographic boundaries. The member noted that businesses would need to do the extra work to ensure they are taxing appropriately before they do business in Denver. • One member expressed that a big barrier to cannabis is the lack of e-commerce options, and noted that most credit cards are not available to cannabis businesses, which will slow down this process.
<p>Hours of Operation</p>	<p><u>Safety</u></p> <ul style="list-style-type: none"> • A Denver Police Department representative suggested aligning delivery hours with dispensary hours because if the delivery person can come back to the store after 10 pm to get product, it could open up the store to crime. • One member suggested that the same requirements used to protect pizza delivery drivers can also be used to protect cannabis delivery drivers. The member noted that pizza delivery drivers have marked cars, no cameras, and no locked storage compartment, while cannabis delivery cars are unmarked, have cameras, and have a locked storage compartment. • One member noted that crime at marijuana dispensaries takes place almost exclusively after hours, and wondered how that would change with delivery. • A Denver Police Department representative expressed concern that people will follow delivery drivers and establish a pattern in order to plan a robbery.

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| | <ul style="list-style-type: none">• One member suggested delivery drivers should not go out in the last hour of store operation to make deliveries, because they need time to get back to the store to return undelivered product. Another member expressed that it might make sense for delivery to stop one hour before stores close, so there is time to get back to the store.• One member asked if allowing delivery to happen after 10 pm might reduce intoxicated driving? A Denver Police Department representative offered to obtain data on what times of day intoxicated driving peaks.• One member expressed that it is important to allow people to place orders at any time, to increase business efficiencies and offer convenience for people who work different hours.• Several members expressed concern that that people of color driving deliveries will face additional scrutiny from police. One member asked if medical marijuana delivery rolls out before retail, how will police differentiate between the two types of delivery? A Denver Police Department representative responded that education of officers and delivery personnel is key, and their priority is protecting delivery drivers and customers. |
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