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# Marijuana Licensing Work Group (MLWG)

Meeting #2

May 28, 2020

1:00 – 3:30 p.m.

Topic: Marijuana Hospitality Program

# Agenda

- I. Introductions
- II. MLWG Purpose and Ground Rules
- III. MLWG Meeting Format
- IV. Goals for Implementation
- V. Introduce Topic #2: Marijuana Hospitality Program
- VI. Revisit Topic #1: Marijuana Delivery Program
- VII. Public Comment
- VIII. Next Steps



# Marijuana Licensing Work Group Members

Ashley Kilroy	Co-Chair, Denver Excise and Licenses
Molly Duplechian	Co-Chair, Denver Excise and Licenses
Councilwoman Kendra Black	City Council District 4
Councilwoman Candi CdeBaca	City Council District 9
Councilman Chris Hinds	City Council District 10
Kenneth Allison	All About Hemp, LLC
Anshul Bagga	Denver City Attorney's Office
John Bailey	Black Cannabis Equity Initiative
Sarah Belstock	Denver Health and Hospital Authority
Truman Bradley	Marijuana Industry Group
Diane Cooks	Montbello Resident
Shawn Coleman	36 Solutions
Jaqueline Flug	Drizly, LLC

Michelle Garcia	Mayor's Office of Social Equity and Innovation
Michel Holien	Denver Public Schools
Andrew Howard	Denver Policy Department
Clarissa Kriek	National Cannabis Industry Association
Henny Lasley	Smart Colorado
Jason Moore	Denver City Attorney's Office
Dan Pabon	Medicine Man Technologies
Jessica Scardina	Vicente Sederberg LLP
Ean Seeb	Governor Polis' Office
Ryan Tatum	Cultivated Synergy
Art Way	Equitable Consulting
Sarah Woodson	The Color of Cannabis


**Viewers:** Please email [MarijuanaInfo@denvergov.org](mailto:MarijuanaInfo@denvergov.org) to confirm attendance and receive future updates, minutes, or other communications.

# MLWG Purpose and Ground Rules

- The **purpose** of the MLWG is to review, discuss, and make recommendations on policy direction and possible marijuana licensing laws, rules and regulations.
- The MLWG is **advisory in nature**. Work Group members will review and discuss options for specific regulatory topics, and provide comments and recommendations to the City. The City may then incorporate that input into a future proposal for adoption.
  - Any ordinance changes will require approval by the Denver City Council.
- Each member of the MLWG is an equal participant in the process and has equal opportunity to voice opinions and contribute ideas.
  - As with all other advisory work groups, the work group will not necessarily be working towards consensus, but rather **we will use everyone's input to develop a proposal to bring to the Mayor and City Council**.
- MLWG members accept the responsibility to come to the meetings prepared for the discussions.
- MLWG members must commit to treating each other with respect, civility, and courtesy, whether or not they agree with one another's interests and concerns.

# MLWG Meeting Format

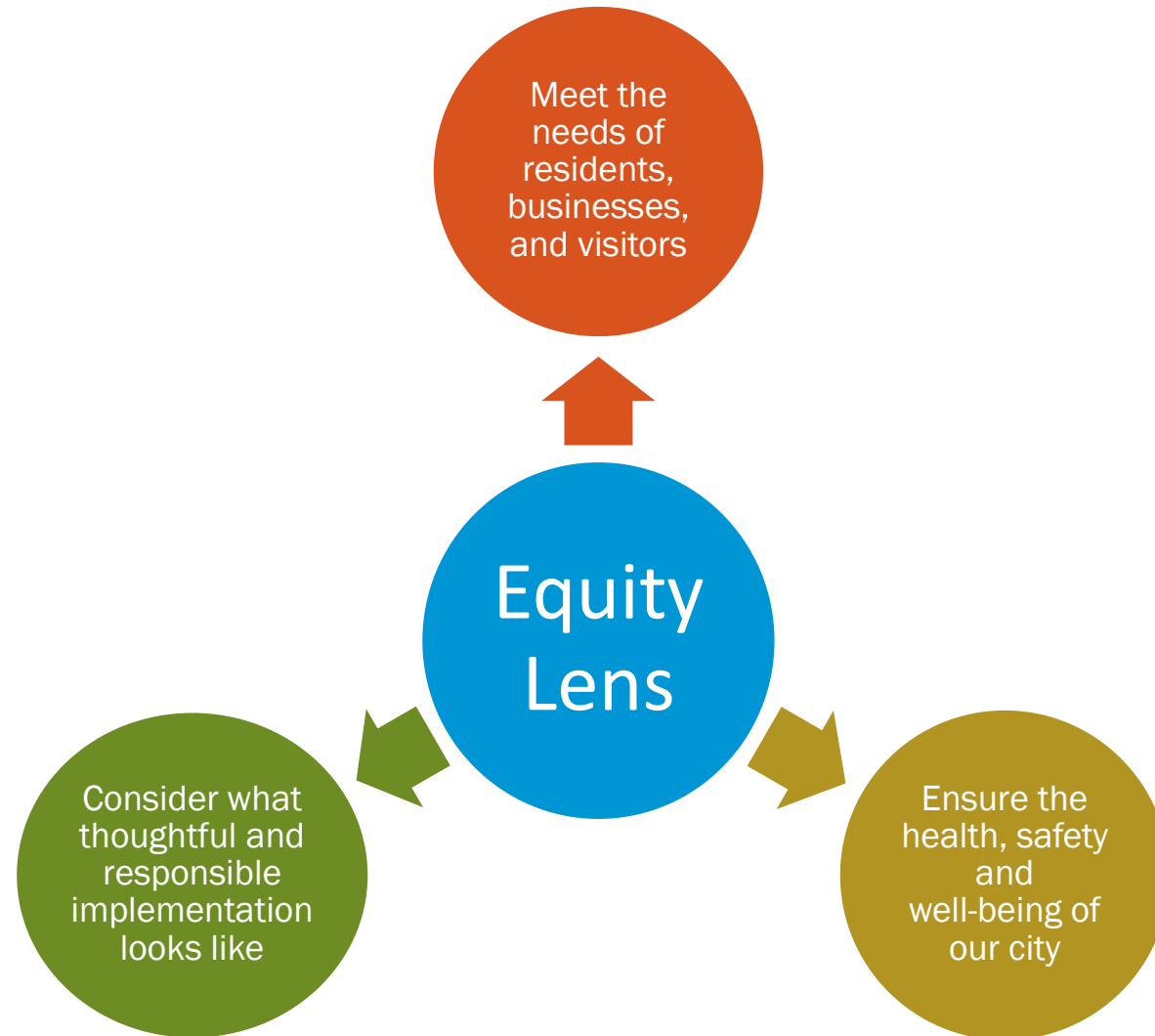
## Work Group Members

- The MLWG meetings will present information for background and pose questions for discussion (denoted in this presentation by  ).
  - Any suggestions provided by the City are for the purposes of initiating and guiding the discussion.
  - The MLWG members may make suggestions in addition to what is being provided.
- MLWG members will be provided with a list of topics to be discussed in advance of each meeting.
- MLWG members will also be able to submit additional comments in writing.
- Minutes from each meeting will be available within one week of the meeting date.
- If a Work Group member has a question or would like to make a comment relevant to the discussion occurring, they are welcome to speak up but should avoid interrupting the presenters or another Work Group member.
  - For the experience of the viewing audience, **please announce your name at the beginning of your statement/question.**
  - If you do not feel as though you are given an opportunity to speak, please send a message in the “chat” stating **“I have a question.”**
  - Please **do not use the chat** for any other purposes to avoid distraction of the presenters and Work Group members.

## Public Input

- MLWG meetings are open to the public and can be viewed via Microsoft Teams Live. The links for viewing the MLWG meetings will be posted at least one day prior to the meeting on the [Marijuana Laws, Rules and Regulations website](#).
- Attendees and members of the public viewing the Work Group meetings are able to send written comments to [MarijuanaInfo@denvergov.org](mailto:MarijuanaInfo@denvergov.org). All written comments will be shared with the Work Group members via email.
- A separate public process will also be a part of the legislative process with City Council.

# Goals for Implementation



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# Topic #2 – Marijuana Hospitality Program



# Background

- In November 2016, the [Denver Cannabis Consumption Pilot Program](#) was approved by Denver residents with the passage of Initiative 300. In June 2017, the Department of Excise & Licenses adopted agency [rules](#) to supplement the ordinance.
- The ordinance and rules granted Denver businesses the ability to apply for a [Cannabis Consumption License](#) to allow for adult marijuana consumption in Designated Consumption Areas, either within a permanent establishment or at a special event.
- In May 2019, the Colorado General Assembly passed [House Bill 19-1230](#), creating **two** new licenses, one for **Marijuana Hospitality Establishments** and one for **Marijuana Hospitality & Sales Establishments**. The Colorado Marijuana Enforcement Division subsequently adopted agency [rules](#) to supplement the state law.



# License Types and Establishment Models in State Law

Marijuana Hospitality Establishment	Marijuana Hospitality Establishment (Mobile)	Marijuana Hospitality & Sales Establishment
<ul style="list-style-type: none"><li>• Allows for consumption of marijuana by adult patrons within a <b>permanent</b> licensed premises.</li><li>• <b>No sales</b> of marijuana permitted.</li></ul>	<ul style="list-style-type: none"><li>• Allows for consumption of marijuana by adult patrons within a <b>mobile</b> licensed premises.</li><li>• <b>No sales</b> of marijuana permitted.</li></ul>	<ul style="list-style-type: none"><li>• Allows for consumption of marijuana by adult patrons within a <b>permanent</b> licensed premises.</li><li>• <b>Limited sales</b> of marijuana are permitted.</li></ul>

# State Law vs. City and County Ordinance

At the licensed premises...	Hospitality	Mobile Hospitality	Hospitality & Sales	Current City DCA
The establishment must undergo a public needs & desires hearing as part of licensure	EXL would require	EXL would require	EXL would require	✓
Patrons must be 21+ to enter	✓	✓	✓	✓
The establishment may sell marijuana to patrons	✗	✗	✓	✗
Patrons may consume marijuana that they brought for themselves (BYOC)	✓	✓	✗	✓
Patrons may consume marijuana that they purchased from the establishment	✗	✗	✓	✗
Smoking and Vaping <u>MAY</u> be permitted	✓	✓	✓	✗
The establishment may be mobile	✗	✓	✗	✗
The license can be issued on a special event basis	✗	✗	✗	✓

# Opting in to Marijuana Hospitality



Should Denver opt in to allow for Marijuana Hospitality Businesses?

Marijuana Hospitality Establishments

Mobile Marijuana Hospitality Establishments

Marijuana Hospitality & Sales Establishments

Current city law provides for Cannabis Consumption Licenses that most closely resemble Marijuana Hospitality Establishments

Public Health

Public Safety

Impacts on youth (underage usage, access and perception of risk)

Revenue impacts (to businesses and the City)

Opportunities for new market entrants

Customer, patient and visitor interest

## Considerations

# Barriers to Entry and Equity Considerations



What barriers to entry exist for each of the Marijuana Hospitality Establishments?  
What should the equity considerations be?

Marijuana Hospitality  
Establishments

Mobile Marijuana Hospitality  
Establishments

Marijuana Hospitality & Sales  
Establishments

## Considerations

Barriers to entry such as access to capital and start-up costs, including application and licensing fees

Legal barriers and challenges

Community engagement requirements, such as social impact plans and/or evidence of community support

Public hearing requirements

Caps or limitations on the number of licenses available

Reserved number of licenses for new market entrants

Scaling and sequencing of licensing

# Hours of Operation



What should be the hours of operation for Marijuana Hospitality Establishments?

Marijuana Hospitality Establishments

Mobile Marijuana Hospitality Establishments

Marijuana Hospitality & Sales Establishments

MED Rule 3-245(A)(3) allows these establishments to operate between the hours of 7:00 a.m. and 2:00 a.m.

DRMC section 6-305 allows licensed Designated Consumption Areas to operate between the hours of 7:00 a.m. and 2:00 a.m.

DRMC section 6-206 allows licensed Marijuana Stores/Centers to operate between the hours of 8:00 a.m. and 10:00 p.m.

State liquor code allows establishments for on-site alcohol consumption to operate between the hours of 7:00 a.m. and 2:00 a.m.

Public Safety


Impacts on youth (underage usage, access and perception of risk)

Revenue impacts (to businesses and the City)

Customer, patient and visitor interest

## Considerations

# Consumption Methods

 What methods of consumption should be allowed at Marijuana Hospitality Establishments?

Marijuana Hospitality Establishments

Mobile Marijuana Hospitality Establishments

Marijuana Hospitality & Sales Establishments

Consumption methods include by not limited to: Edibles, Smoking, Vaping, Dabbing

The use of liquified petroleum gas (LPG) torches is prohibited at Designated Consumption Areas. LPG means a material which is composed predominantly of propane, propylene, butane, isobutane, and butylene.

Local jurisdictions MAY allow smoking & vaping of marijuana at hospitality establishments (pursuant to an exemption in state law from the Colorado Clean Indoor Air Act), but are not required to allow smoking & vaping

Public Health

Customer, patient and visitor interest

## Considerations

# Location and Proximity Requirements



What location or proximity requirements should apply to Marijuana Hospitality Establishments\*?

\*All businesses in Denver have to comply with the Denver Zoning Code.

Marijuana Hospitality Establishments

Marijuana Hospitality & Sales Establishments

Public Health-Does outlet density increase usage?

Youth Impacts – Are we seeing changes in underage usage, access and perception of risk?

What are the requirements for similar license types (next slide)?

How does the Denver Zoning impact location limitations, equity and saturation in low income neighborhoods?

Do proximity requirements create additional challenges or costs for prospective businesses?

Data-Driven  
Policy Questions

# Location and Proximity Requirements: Other License Types\*

\*All businesses in Denver have to comply with the Denver Zoning Code.

	<b>Marijuana: Medical Centers &amp; Retail Stores</b>	<b>Alcohol: Retailers (liquor stores)</b>	<b>Tobacco: Retailers</b>	<b>Marijuana: Designated Consumption Areas</b>	<b>Alcohol: on-site consumption (bars)</b>
Schools	1,000 ft.	500 ft.	1,000 ft.	1,000 ft.	500 ft.
Childcare Facilities	1,000 ft.			1,000 ft.	
City Pools and Rec Centers			1,000 ft.	1,000 ft.	
Alcohol or Drug Treatment Facility	1,000 ft.			1,000 ft.	
Similar Establishments	1,000 ft.	1500 ft.			



# Mobile Hospitality: Location and Proximity



For Mobile Hospitality Establishments, should there be restrictions on when and where vehicles can stop, park, pick up and drop off patrons?

## Considerations

Requirements for similar license types

Barriers to entry and equity considerations

Public Health

Public Safety

Impacts on youth (using data on underage usage, access and perception of risk)

Effects of traffic through residential neighborhoods, near youth-centered locations, or in business-heavy areas

# Marijuana Hospitality: Outdoor Operations

 Should outdoor consumption areas be allowed for Marijuana Hospitality Establishments?

Marijuana Hospitality Establishments

Marijuana Hospitality & Sales Establishments

MED Rule 6-705(E)(1) requires that “marijuana is kept out of plain sight and is not visible from a public place without the use of optical aids” and that “the Consumption Area is surrounded by a sight-obscuring wall, fence, hedge, or other opaque or translucent barrier.”

Designated Consumption Areas are permitted to operate as outdoor licensed premises and as special event licensed premises.

Public Health

Public Safety

Customer, patient and visitor interest

Impacts on youth (underage usage, access and perception of risk)

## Considerations

# Hospitality & Sales: Sales Restrictions



Should there be any additional restrictions on sales limits in Hospitality & Sales Establishments?

MED Rule 6-725(G) sets the following sales limits for Retail Marijuana Hospitality and Sales Businesses: 2 grams of marijuana flower; 0.5 gram of marijuana concentrate; and marijuana products containing 20 mg of THC (10 mg THC/serving)

MED Rule 6-725(I)(2) allows a customer to leave with any unconsumed marijuana as long as it has been properly packaged and labeled by the establishment.

## Considerations

Public Health

Public Safety

Impacts on youth (underage usage, access and perception of risk)

# Marijuana Hospitality: Retail Food Establishments

 Should Denver permit Retail Food Establishments (RFE's) to operate Marijuana Hospitality Establishments? ?

Marijuana Hospitality Establishments?

Marijuana Hospitality & Sales Establishments?

Hours of operation?

Methods of consumption?

Location Restrictions?

Operate outdoors?

MED Rule 6-715(A) prohibits a marijuana hospitality establishment from operating in a retail food establishment that holds a liquor license.

MED Rule 6-715(B) requires that the licensed premises of the marijuana hospitality establishment must be separated from the rest of the retail food establishment by a sight-obscuring barrier and a secure door.

MED Rule 6-715(C) prohibits marijuana from being added to food served by the retail food establishment.

## Considerations

Public Health

Public Safety

Impacts on youth (underage usage, access and perception of risk)

Customer, patient and visitor interest

# Marijuana Hospitality Program



Anything else relevant to Marijuana Hospitality Licensing in Denver that the Work Group should consider?

Marijuana Hospitality Establishments?

Mobile Marijuana Hospitality Establishments?

Marijuana Hospitality & Sales Establishments?

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# Revisit Topic #1 – Marijuana Delivery Program (if time is available)





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# Public Comment

Attendees and members of the public viewing the Work Group meetings are able to send written comments to [Marijuanainfo@denvergov.org](mailto:Marijuanainfo@denvergov.org). All written comments will be shared with the Work Group members via email.



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# Next Steps

Written comments can be submitted to [Marijuanainfo@denvergov.org](mailto:Marijuanainfo@denvergov.org).

Next meeting – June 11, 2020 at 1:00 – 3:30 p.m.