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To: All  
From: Justin Lyons, Planning Manager  
Date: May 6, 2018  
Re: Medical Marihuana Ordinance Amendments Memo

**SUMMARY:**

City staff, including representatives of the police department, fire department, community and economic development department, building department, and city manager's office have been in the process of reviewing the City's medical marihuana ordinances over the past 10-12 months. The review is in response to the State's passage of the Medical Marihuana Facilities Licensing Act (PA 281 of 2016, MCL §333.27101).

A summary of some of the MMFLA regulations include:

- Authorizes five (5) categories of state operating license holders: growers, processors, provisioning centers, safety compliance facilities and secure transporters.
- Requires an applicant to submit a marihuana facility plan, which describes the type of marihuana facility, anticipated or actual number of employees, projected or actual gross receipts, a business plan, proposed marihuana facility location, and security plan.
- Potential for a grower, processor, and provisioning center operation at one location, if under common ownership.
- Applicants must provide capitalization with disclosure of the sources, such financing in the amount of \$300,000 for a provisioning center and \$200,000 for a safety compliance facility with not less than 25% of the required assets being liquid to cover initial expenses of the facility.
- Applicants are also required to have marihuana inventory possessed by a registered qualifying patient or registered primary caregiver with no more than 15 ounces of usable marihuana or 72 marihuana plants utilized as marihuana inventory.

The City Council held a public workshop on July 24, 2017 to initially discuss the updated regulations from the State and gather direction based on an initial staff recommendation. The public workshop and further review by city staff and city attorney shaped the draft for Planning Commission consideration. The Planning Commission reviewed a draft ordinance recommendation at the March 21, 2018 and gave feedback regarding the number of facilities, proposed zoning districts, square footage requirements, consideration of the previously approved five (5) medical marihuana facilities that have opened, licensing process, and an evaluation period.

Staff proposed revised draft ordinance amendments at a public hearing at the April 18, 2018 Planning Commission meeting. Generally, staff and the Planning Commission agreed on the direction of the ordinance amendments, but did vary on the number of facilities. Below is a summary of the recommendations:

A. Type and Amount of Facilities

- The Planning Commission recommended the number of provisioning centers to be 3 and safety compliance facilities to be 1. The recommended increase in provisioning centers was based on expected demand and would in theory allow more opportunity for the existing 5 medical marijuana facilities to apply. Staff (including CED, Police, Fire) still recommends 1 provisioning center and 1 safety compliance facility to allow an evaluation on how the use affects public safety, parking considerations, etc.
- B. Evaluation Period
- Staff and the Planning Commission agreed that staff would compile an evaluation six (6) months after a provisioning center has been issued a Certificate of Occupancy. Staff is still determining the evaluation criteria, but police calls, code enforcement violations, and traffic counts could be part of the report.
- C. Location and Zoning Districts
- The zoning districts (M-1, M-2, OS) and distance requirements (500 feet of an educational institution, nursery school, or child care center, or another medical marijuana facility provisioning center or safety compliance facility) were agreed upon by staff and Planning Commission. Provisioning centers and safety compliance facilities would be permitted uses (rather than special land uses) in the recommended ordinance and would come to Planning Commission for site plan review.
- D. Site Plan Considerations
- Provisioning centers would have size considerations with a maximum of 5,000 square feet of building usable floor space for retail operations and an additional 5,000 square feet for the rest of the proposed operation. That would equate to 10,000 maximum overall useable square footage for the operation, but not for other separate uses in a shared building. Hours were recommended to be adjusted to Monday – Sunday 9am-9pm for standardization purposes.
- E. Application Process
- Two options were presented for the City’s proposed provisioning center licensing process Option 1 would require that after an applicant has been approved through the state, staff would review the application on a ‘first come, first served’ basis, then submit for Planning Commission Review. Option 2 creates a 30-day enrollment period that would allow applications to be submitted and evaluated and scored by the staff or a third-party reviewer (with indication of points for five categories). The highest score would be issued a permit up to the number permitted under the zoning ordinance.
  - Option 1 was proposed as a motion by the Planning Commission, but ended up being withdrawn over discussion and lack of consensus. Staff still recommends the Option 1 application process, which would require applicants to receive state approval prior to coming to the City to begin that process.

## **NEXT STEPS**

The Planning Commission held two (2) Public Hearings on March 21, 2018 and April 18, 2018 and recommended City Council approve the draft zoning ordinance amendments. City Council will hold a public hearing on Monday, May 14, 2018.