

Social Consumption Area Task Force Meeting #1

May 10, 2018

In Attendance

Councilwoman Kendra Black, Chair; Aubrey Lavizzo; Leslie Twarogowski; Tom Downey, Councilman Jolon Clark; Luke Palmisano, District 5; Carrie Ateyeh; Margie Valdez; Dean Heizer; Logan Goolsby; Dan Landes; Sam Kamin; Wanda James, Liz Zukowski, Council District 4.

Summary of Discussion

Steve Charbonneau, facilitator, asked individuals to introduce themselves.

Councilwoman Kendra Black, Chair, Social Consumption Area Task Force, explained the group's charge, noting that the focus is on the impacts of the social consumption pilot initiative on the City. The group will meet several times (4 or 5) in order to meet its goal of reporting to the City Council by November.

Councilwoman Black explained that the social consumption initiative was intended to solve a problem: veterans, tourists, and certain other groups have no place to legally consume marijuana purchased lawfully in Denver. A major goal was to prevent the illegal consumption in public places like parks and sidewalks.

The Task Force will consider why so few social consumption areas have opened and seek input from stakeholders on these and other relevant questions.

The Councilwoman read a statement from a representative of the Lincoln Park/La Alma neighborhood group commenting on the Coffee Joint, the sole consumption area in business which is attached to this summary. The statement noted that the business signed a good neighbor agreement and has had little impact on Lincoln Park since it is located in an industrial area. The main concern of neighbors has been whether patrons will be driving while impaired which the business handles by monitoring use of designated drivers and/or car services.

Molly Duplechian, Excise & Licenses, reviewed the agency's process since passage of the initiative to develop rules within the framework of federal, state, and local law and as intended by the voters. She explained that about 30% of Denver businesses are eligible for a Denver Area Consumption License but so far only two applications have been received. She noted some of the concerns expressed by 13 inquiries received by the agency as follows:

- Inability to combine with a liquor license and/or lack of indoor smoking which are prohibited by the state
- Difficulty obtaining neighborhood and/or property owner support
- Cost of business startup and investor reluctance to support a pilot program

Ms. Duplechian noted that there is some research indicating that higher income individuals prefer at-home consumption. She also explained the process for the City to determine whether it will opt into the new state marijuana tastings law for retail marijuana licensees, if the Governor does not veto it.

Mike Hartman, Colorado Department of Revenue (DOR), reviewed the relevant state laws and regulations, including DOR, liquor, and Clean Indoor Air Act requirements.

Councilwoman Black clarified that the Task Force makes recommendations to the city council which can change the law, repeal it, and/or create a new law with 9 votes. Federal and state restrictions are outside the scope of the Committee.

A public comment period including the following presenters and their comments:

Kobi Waldfogel, Terrapin Care Station

Mr. Waldfogel noted that there were no applications for event permits. Event organizers are not likely to give up liquor profits to sponsor a less lucrative marijuana only event. A marijuana event would appeal to a smaller market of marijuana enthusiasts. According to Mr. Waldfogel adjacent consumption would be allowed except for city regulations.

Cindy Sovine, Utopia All Natural Spa and Lounge

Ms. Sovine thought the regulatory distance requirements were unreasonable and suggested allowing a location when there is an agreement from the childcare center and the neighborhood association. She said that these businesses face numerous hurdles, noting that her application comprised 200 pages.

Taylor Rosean, Denver Vape & Play

Mr. Rosean discussed the difficulty of finding a location since applicants can't obtain a mortgage to buy property. Although most neighborhood organizations are positive, it is difficult for prospective businesses to find investors.

Rita Tsalyuk, Coffee Joint, (first licensee)

Ms. Tsalyuk said that she appreciates the attention of the Task Force and expressed appreciation for the help from Excise and Licenses. She noted that profitability is difficult, although having the dispensary next door helps their model. She also noted that some prospective patrons are put off by the required cameras in the business.

Jordon Wellington, Vicente Sederberg Law

Mr. Wellington said that the initiative had been crafted thoughtfully, that it creates unprecedented interaction with neighborhoods, but that finding a location is a city-created problem. He felt the stringent rules stymied the will of voters and suggested that Excise & License be directed to except businesses from distance requirements with neighborhood support.

Councilman Clark suggested using the approach of the Green Roofs Task Force. That group is suggesting changes to the Green Roofs Initiative that maintains the climate and energy benefits while providing more flexibility in options.

Other discussion points noted by Task Force members included:

- Focus on what can be changed while maintaining the will of the voters.
- Finding locations is a problem for a variety of reasons, including zoning restrictions, and the application requirements are onerous for a business that won't make money.
- The interests of public health and safety can be maintained while reducing unnecessary regulations.
- Location maps need to overlay with liquor locations.
- Consider a Utah model that allows adjacent but separate areas for purchase and consumption.
- Consider medical marijuana businesses that may be interested in converting to consumption.

- The sunset in the law is problematic for obtaining investors.
- The Task Force needs more information about exemptions to the Clean Air Act and whether it applies to patios.
- The group also needs more information about what constitutes a viable business model, even if regulatory and location restrictions are loosened.

Dean Heizer offered to collect information on business models for the Task Force.

Councilwoman Black explained that the Task Force will examine location restrictions in detail using interactive maps at its June meeting.

Next meeting: June 14, Room 391, City & County Building