Breakout Session V: Evolution of Licensing & Inspections

Moving from new to normal: Marijuana licensing and inspections in a mature environment.
OVERVIEW

The story of marijuana has been focused on how to implement regulatory operations for this new and highly politicized industry.

This talk will focus on finding continuous improvements in licensing and inspections operations post implementation in three urban settings; Denver, CO Seattle, WA and Aurora, CO.
Continuous Compliance Inspections:

• Pivot from focusing on new inspections (safety based) to compliance inspections (educational partnership).
• Risk Based Inspections, rather than annual.
• Ensure the continued health, safety and welfare of the community through Licensing and Inspection.
• Clear, consistent Inspection Expectations.
Office of Marijuana Policy / Excise & Licenses

• In 2017 OMP was combined with the Department of EXL
• More than 50 MJ funded positions City Wide (DPD, Fire, OMP, EXL)
• In 2018, MJ funded positions began to transition to the General Fund.
• Unlimited General Fund Positions allow for better employee retention and morale.
2018 EXL Marijuana Program Staff

• 1 Process Implementation Administrator
• 1 Program Administrator
• 1 Senior Analyst
• 3 Licensing Technicians
• 2 Inspectors

• With the consolidation of OMP and EXL staffing has begun to normalize.
Marijuana Volume; Submittal Workload

- **Volume**: 26585 (1665 Marijuana, 24920 All Other)
- **Intake**: 6125 (992 Marijuana, 5133 All Other)
- **QA**: 3043 (1017 Marijuana, 2026 All Other)
Customer Facing Innovations:

Scheduling Intake Appointments
• Saves Time for the Customer
• Manage Workflow for team
• Less pressure on complex transactions
• Easy, Transparent
• ETA – October 2017
Customer Facing Innovations:

Paperless Application Submittal

• Focus on high volume, low complexity.
• Workflow management
• Divert resources to more complex tasks.
• ETA – Q4 2018
Thank You!

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City of Aurora Facts

- City Area: 154.7 square miles (2\textsuperscript{nd} largest in CO)
- Third largest city: Population 361,701
- 24 retail store licenses (21 operating)
- 12 retail cultivation facilities
- 16 product manufacturing facilities
- 1 testing facility
Marijuana Enforcement Division

- Local taxes on marijuana = 7.75% (3.75 city sales tax + 4% city retail marijuana tax). 5% Excise Tax. $15,000 annual operating fee.

- Marijuana Enforcement Division: consists of staff from Finance, Planning, Building, and the Police Department. Three of the eight members of the Marijuana Enforcement Division are full time employees (manager, financial analyst, and planner); the other five (building inspection supervisor, three plans examiners, and police sergeant) charge their time as incurred. Third party security company inspector.

- Process: 1) Fact Finding/Pre-Licensing Meeting; 2) Application Process; 3) Licensing; 4) Building Permits; 5) Inspections
Marijuana Enforcement Division

• Retail marijuana store licenses are limited to 24 (four in each of the six council wards). No limit to number of cultivation, manufacturing, and testing facility licenses.

• Store licenses are awarded through a competitive, point-based scoring process. Applicants must demonstrate a minimum of $400,000 in liquid assets. Establishment and operating plans are scored by independent reviewers.

• Marijuana activity accounted for $5.3 million in revenue for 2016 ($6.1 million projected revenue for 2017).
Marijuana Enforcement Division

The Division is funded by the operating fees received. City Council established a special revenue fund for the sales tax revenues. Council decides on how the revenues are spent. Usually one time expenditures.
Marijuana Enforcement Division
Enforcement Responsibilities

• Fingerprint all owners and employees – more restrictive than the state on who can work in Aurora. (Contract finger printer and contract police background investigator).

• Inspections are performed quarterly – all disciplines.

• Follow up on violations.

• Odor control enforcement.
Marijuana Enforcement Division
Administrative Responsibilities

• Maintain ordinance and regulations.
• Staff support to the Amendment 64 Ad Hoc Committee.
• State MED local contact.
• Issue and renew licenses.
• Perform sales and use tax audits.
• Streamline processes as needed in an ever changing environment.
Successes

- Guidance and support by Council and Executive Management.
- Dedicated division.
- Partnership with the establishments.
- Strong working relationship with the state MED.
- Mandatory pre-licensing meeting.
Future

• Public/private consumption lounges/clubs and special event permits.
• Medical marijuana.
• On-line filing. (Paperless)
• Complete the installation of two major software systems.
• Develop regulations and licensing process for new license types.
• Remember to breathe.
Marijuana Regulatory Licensing

Finance and Administrative Services
Regulatory Compliance and Consumer Protection
Washington state is in its 4th year of recreational sales. The first state licensed Seattle recreational retail store opened July 2014.

In August 2015, Seattle began to regulate the industry through a new ordinance requiring cannabis businesses to hold a Seattle Marijuana Business License.
City of Seattle

- Reviews marijuana license applicants and location prior to state licensure. Object if necessary.
- Reviews Seattle marijuana business license applications for compliance with City requirements.
- Finds and contacts out-of-City businesses for licensure.
- Approves or denies for Seattle Marijuana license.
- Inspects licensed businesses at least annually, re-inspections as needed.

Regulatory Duties

- Respond to complaints from constituents, customers, industry and other agencies.
- Respond to inquiries from the industry, public, other agencies, other states and countries.
- Site visit marijuana centric events for compliance.
- Address black market marijuana activities: Delivery, pop up dispensaries and illegal use lounges.
- Coordinate with state and other city departments on common issues and compliance actions.
- Coordinate with other jurisdictions to help develop regulatory standards.
Location Review for Zoning, Buffering and Dispersion

- Applies to the State
- State begins application review process
- State sends Local Authority Notice (20 days to review)

Non-Compliant
- Applicant searches for a new compliant location.

Objection to application
- Applicant can reapply with corrections

Review-Zoning, Buffering, Dispersion, Permitting Needs, Background Checks, Community Feedback

No Objection
- Await State Approval
- State Approves License
  - Send City license application packet

License
- Approve
  - Inspection
  - Missing information or documents are submitted
  - Application is incomplete, applicants are notified
  - Failure to complete application is cause for denial
  - Denial if noncompliance is not cured

Receive application and review

Licensing Process

City of Seattle
Seattle has 41 marijuana retail stores operating today with another 9 allocated by the State. More than any other Washington city.

**Issues:**
- Clustering continues even with reduced buffering from sensitive uses
- Underserved communities due to zoning and buffering
- As an all cash business, an attractant for panhandlers
- Burglaries – 24 at 16 locations- January-July 17, 2017
- Armed Robberies- 2 -January-September 2017
City of Seattle

City Marijuana Program Staffing

- Policy Advisor-1
- Legal Advisors- 3 (Regulatory, Civil and Criminal)
- Regulatory Program Management, Enforcement & Licensing-4
- Building and Fire Code Compliance- 2
- Police- 2+  (Special operations require additional personnel)

None of these positions address marijuana issues full time, it is recommended to have dedicated staff especially through implementation.
• On going enforcement with pop up dispensaries, delivery services and consumption lounges (mobile too)
• Address home grows - Under consideration by State Legislature
• Add online license application intake
• Update code with technical and substantive changes
• Add cash to seizure authority, currently allows only marijuana, marijuana products and records
• Proposed State legislation, delivery services and public consumption lounges.
Department of Finance and Administrative Services
Regulatory Compliance and Consumer Protection

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http://www.seattle.gov/business-regulations/marijuana-businesses