



DENVER
THE MILE HIGH CITY

Denver Collaborative Model

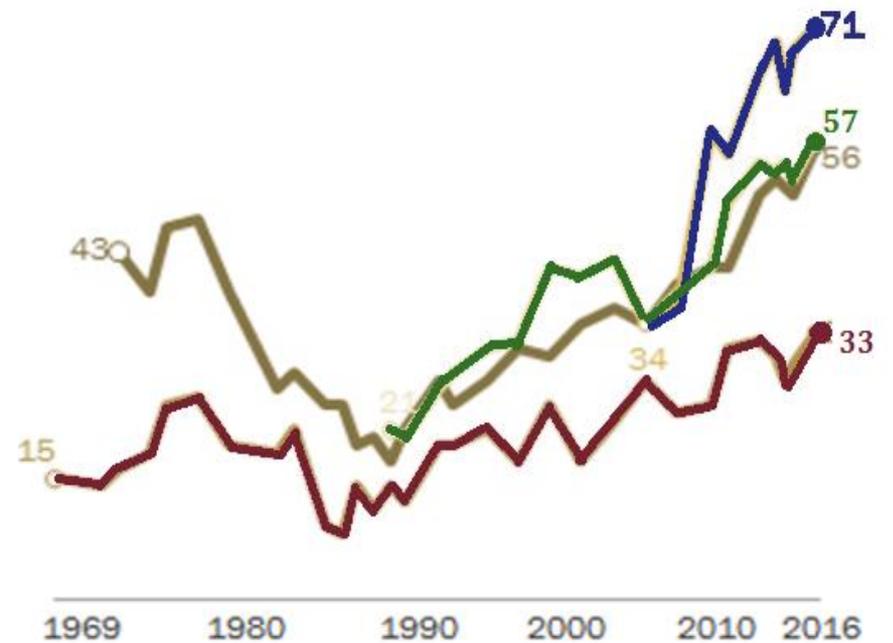
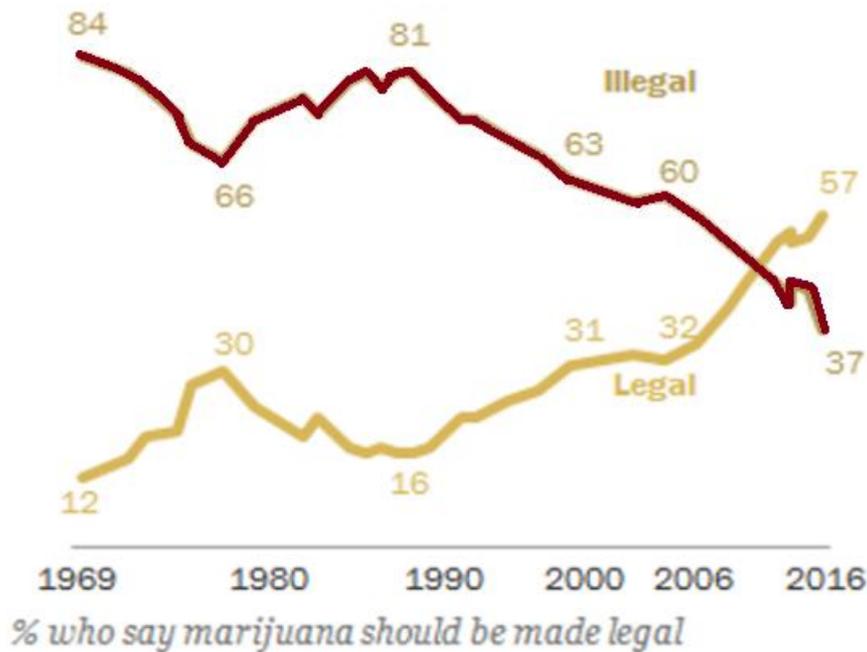
One City's Experience
Managing Marijuana

National Forum for Black Public Administrators
April 20, 2018

- Population (2015 Census): 682,454
- Nickname: The Mile High City because Denver is exactly one mile (or 5,280 feet) above sea level
- City and County of Denver has 14,936 employees; one of the largest employers in the City.
- Denver experiences 4 seasons and 300+ days of sunshine each year
- Annual City budget is \$1billion USD
- Denver has 7 professional sports teams – Go Broncos!
- Mayor Michael B. Hancock (2011 – Present)



Opinion on legalizing marijuana, 1969-2016



Note: Don't know responses not shown.
Source: Survey conducted Aug. 23-Sept. 2, 2016.

Denver Marijuana Legalization Timeline

2000

Colorado voters approve Amendment 20, allowing the use of medical marijuana.

→ Voter Results: Colorado 54-46; Denver 64-36

2007

Denver voters approve an initiated ordinance making the enforcement of marijuana laws against private use and possession by adults the city's "lowest law enforcement priority."

→ Voter Results: Denver 57-43

2012

Colorado voters approve Amendment 64, decriminalizing adult possession of marijuana and establishing a regulated and licensed commercial marijuana distribution system.

→ Voter Results: Colorado 55-45; Denver voting 66-34

2014

Retail sales of marijuana begin in Denver. Office of Marijuana Policy established.

2005

Denver voters approve an initiated ordinance to allow possession of up to 1 oz. of marijuana. (The initiative did not affect state law.)

→ Voter Results: Denver 54-46

2010

Denver adopts ordinance for regulation and licensing of medical marijuana businesses

2013

Denver adopts ordinance for regulation and licensing and an ordinance for taxation of retail marijuana businesses.

2016

Denver voters approve an initiated ordinance to allow the social use of marijuana in designated consumption areas.

→ Voter Results: Denver 54-46

- The State regulates matters of statewide concern
 - E.g., licensee requirements, operational requirements, consumer safety, advertising, packaging, labeling, testing, cultivation handling and packaging, etc.
- Local municipalities regulate matters of local concern
 - Can provide additional requirements related to time, place, manner and number
- Local municipalities can opt in or opt out
 - Denver opted in and added a local licensing scheme, distance requirements, public hearing process, a phase-in period, specific agency regulations, special sales tax, etc.

Multiple City agencies are working collaboratively on marijuana issues with the coordinating agency being the Office of Marijuana Policy:

Citywide Coordinated Marijuana Team:

- Marijuana Policy Team
- Community Planning & Development
- Excise & Licenses
- Fire Department
- Police Department
- Department of Environmental Health
 - Public Health
 - Environmental Quality
- City Attorney's Office

Citywide Partners:

- Treasury Division
- Parks & Recreation
- Denver 3-1-1
- Technology Services
- Budget and Management Office
- Office of Children's Affairs
- Office of Behavioral Health
- Denver International Airport

Licensed Business <ul style="list-style-type: none"> • Medical / Retail • Taxed / Regulated 	# of Licenses	# of Locations
Grows	584	292
Stores + Centers	364	222
MIPs	183	98
Testing Facilities	10	6
Transporters	2	1
Total	1152	491*

As of 4/2/18

*Some locations have several licenses and license types at one location. E.g., one location could have both medical and retail grow licenses, a MIP license and a retail and medical store license. Therefore, the total number of locations will not be a sum of the various location types.

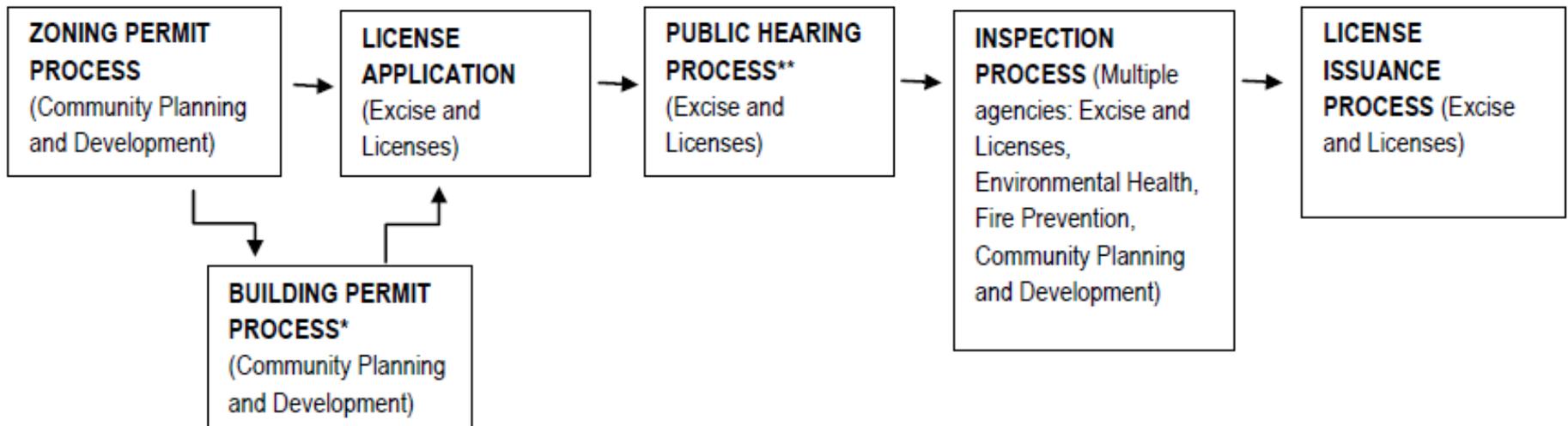
- **Non-licensed**

(Locations mostly unknown, not supposed to be for profit, not taxed)

- Medical MJ Collectives
- Retail MJ Collectives
- Caregivers
- Home Grows
- Illegal Operations



Illegal collective grow



*Building permits are required in order to modify the premises. Building permits must be finalized before a business license can be issued. However, you may apply for building permits and a business license at the same time.

**Public hearings are only required for Medical Marijuana Dispensaries and Retail Marijuana Stores.

Number of Annual Compliance Inspections Performed by Each City Agency per License Type

	Environmental Quality	Excise and Licenses	Fire Department	Public Health Inspection
Retail Stores	-	2	2	2
Retail Cultivation Facilities	1	2	2	-
Retail Infused Products Manufacturers	-	2	2	2
Retail Testing Facilities	-	2	2	-
Medical Centers	-	0 – 2	2	2
Medical Cultivation Facilities	1	0 – 2	2	-
Medical Infused Products Manufacturers	-	0 – 2	2	2

- Responsible for Zoning, and Building and Neighborhood Inspections
- Zoning:

Marijuana Business Type	Corresponding Zoning Land Use
Cultivation Facilities (<i>growing</i>)	Plant Husbandry
Retail Stores & Medical Centers (<i>selling</i>)	Retail Sales, Service & Repair, All Others
Marijuana-Infused Products (MIP) manufacturing (<i>making</i>)	Commercial Food Preparation & Sales, General Manufacturing or Heavy Manufacturing
Testing Facilities (<i>testing</i>)	Laboratory, Research, Development and Technological Services

- Building Inspections
 - ✓ Inspects all new construction including tenant finishes
 - ✓ Construction inspectors for mechanical, plumbing, electrical and construction
- Neighborhood Inspections
 - ✓ Zoning and property inspections
 - ✓ Responds to complaints around things such as trash and too much signage.



Home growing in detached garage

Fire Department Inspections

- License and Certificate of Occupancy Sign Offs
- Compliance inspections twice annually
- Operational permits needed for all occupancies
 - Renew annually



Inspection Hazards

- Construction without permits
- Improper electrical work
- Mold, mildew
- Pesticides, fumigation, sulfur burns
- Air Quality
- Impaired means of egress
 - Life safety concerns: occupants and emergency responders.
 - Non compliant locks.
- Extraction Processes



Denver City/County has local authority over food safety regulations

- “Food” includes MJ concentrates if ingested

Inspection Red Flags and Challenges

- Understanding production processes and health/safety concerns
- Unapproved equipment
- Industry lacks food safety expertise
- Establishing clear policies that prioritize inspector safety



Also responsible for environmental quality and sustainability

- Non-regulatory authority
 - Green business advising
 - Cannabis sustainability work group
 - Convene appropriate stakeholders
 - Developing and implementing best practices is in everyone's best interest

- Verifies completion of inspections by other agencies
- Regulatory signage
- “Limited Access” areas
- Alarm system
- Security surveillance
- Security guard licensing
- No product visible from outside
- Advertising regulations



Marijuana not properly tagged

- Goal is education and voluntary compliance
- Importance of consistent use of enforcement tools to achieve compliance
- Administrative citations assessed for repeat violations
- Food disposals, recalls, facility closures, facility open but process banned, product or equipment removed
- Sanctions against license



Denver Investigated 10 Pot Grows for Use of Banned Pesticides, Holds Plants

BY THOMAS MITCHELL

MONDAY, MAY 18, 2015 AT 7:23 A.M.



Large-scale marijuana grows allow for more product but carry a heavier risk of spreading pests.

Colorado.gov

A A This spring, ten commercial cannabis grows have been investigated by the City of Denver for allegedly using

- In November 2016 Denver voters approved [Initiative 300](#), granting individuals the ability to apply for a permit to operate a designated MJ consumption area at any type of business or event.
- Adoption of rules and regulations was the responsibility of EXL per a public hearing process allowing for review and comment.

Federal Guidance

- MJ illegal under federal law
- “Strict rules and robust enforcement”
- 2012 - Feds shut down 47 MMJ dispensaries within 1000’ of schools

State Laws and Rules

- Not allowed on liquor-licensed premises
- Not allowed on marijuana-licensed premises
- Only marijuana-licensed businesses allowed to sell MJ; so must be BYOC
- No smoking indoors (Colorado Clean Indoor Air Act)
- No public consumption of MJ

Initiative 300 Ordinance Language

- Have to have an existing underlying business or event
 - Can’t be within 1000’ of a school
 - Evidence of Community Support
 - Community Engagement Plan
 - Health and Sanitation Plan
 - Responsible Operations Plan
 - Only 21+
- Fleshed out I-300 requirements and State laws and rules
 - Not on public property
 - Can’t be within 1000’ of childcare, city-owned pools and rec centers and treatment facilities

Assessing the Impact: Challenges

What impact will legalization have on my community?

What are the negative consequences and how can they be mitigated?

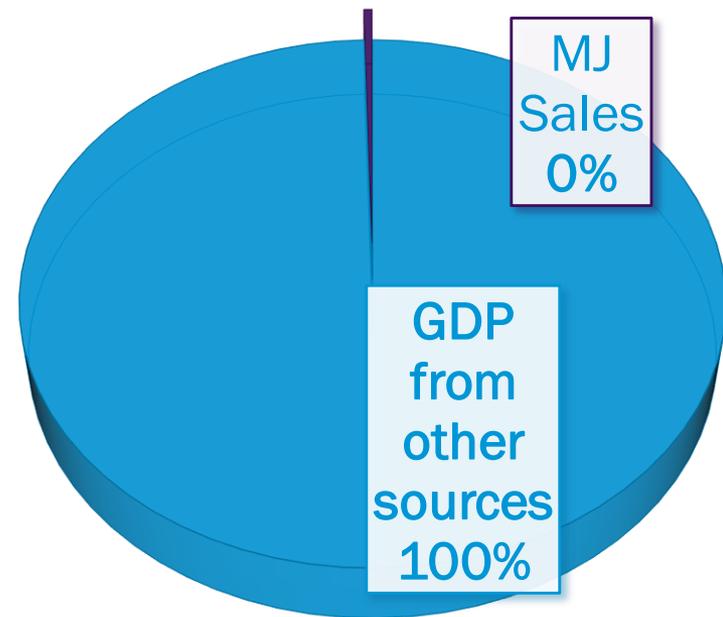
What resources are needed to manage legalization?



MJ Sales as Percent of CO GDP

Approximately \$1.3 Billion in sales in 2016

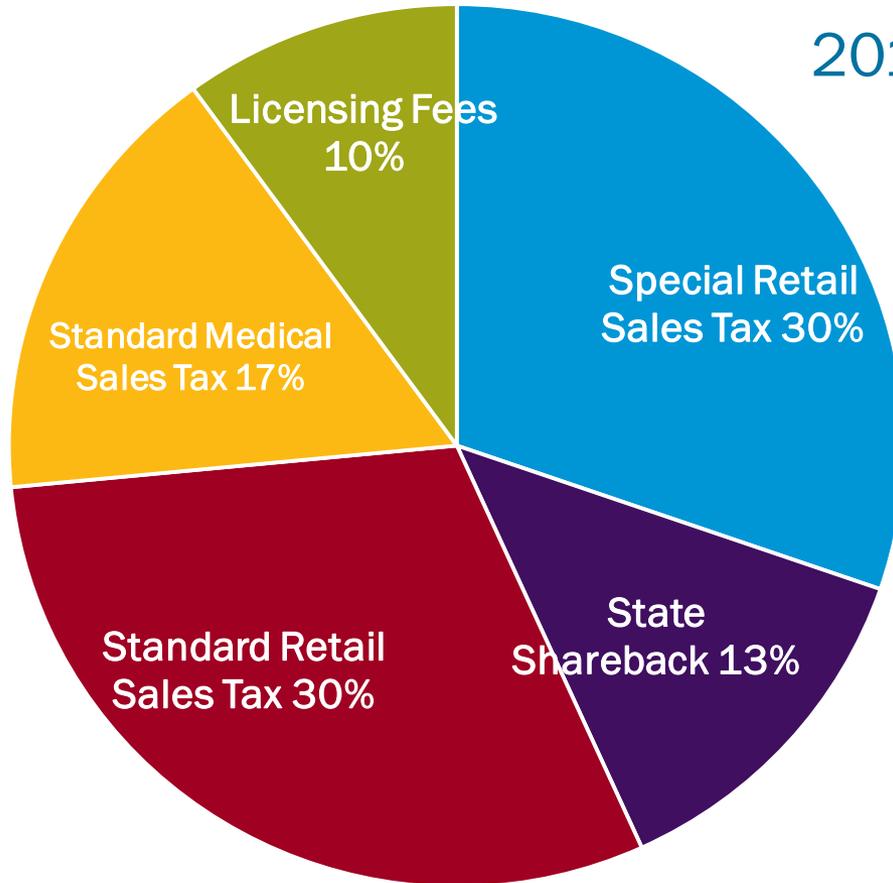
MJ SALES AS PERCENT OF GDP



MJ as Percent of CO Economy			
	2014	2015	2016
GDP	\$306 Billion	\$318 Billion	\$324 Billion
MJ Sales	\$699 Million	\$996 Million	\$1.3 Billion
Percent of GDP	0.23%	0.31%	0.40%

How much revenue is generated by marijuana sales in Denver?

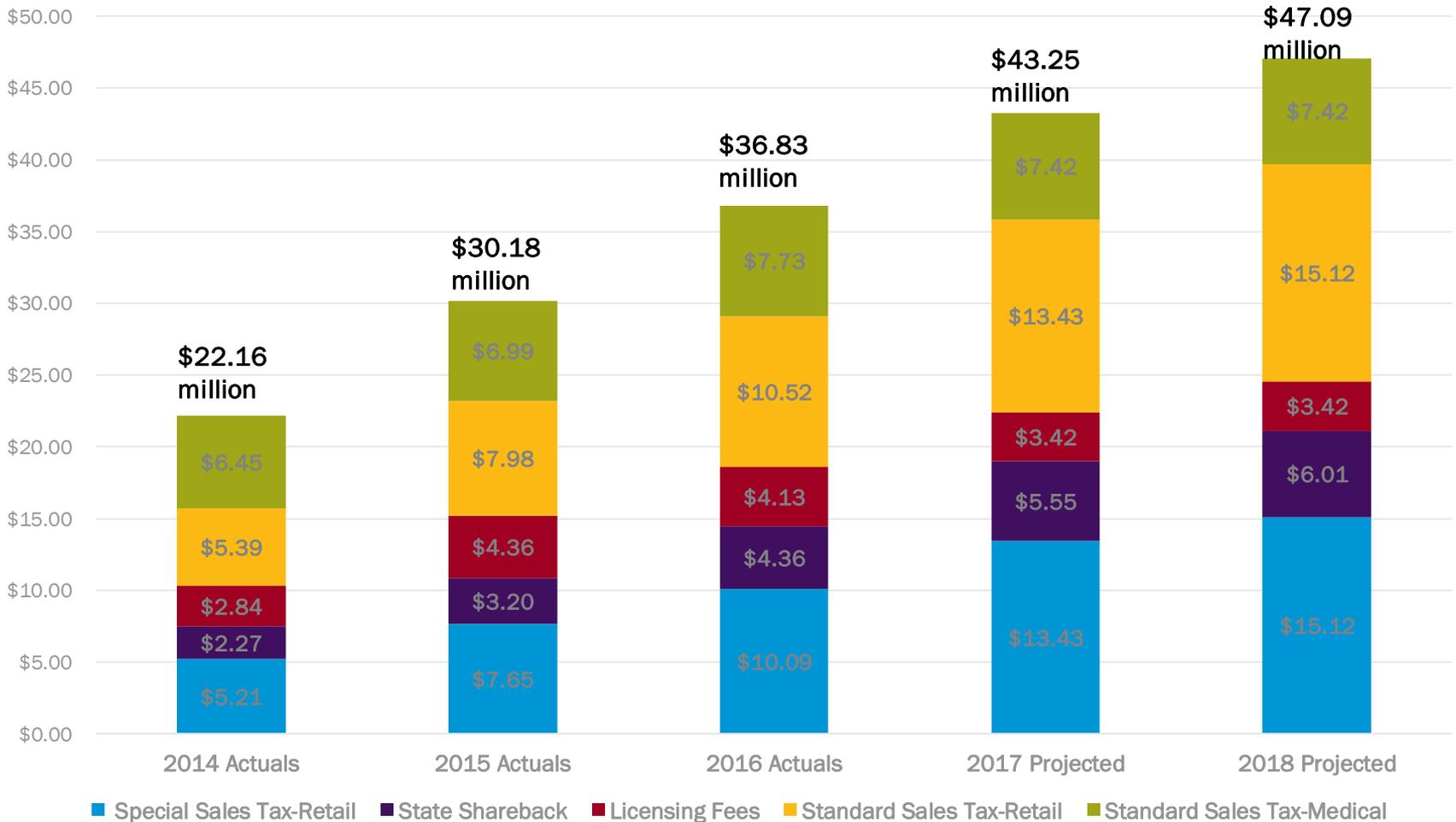
2017 Total=\$43.2 million



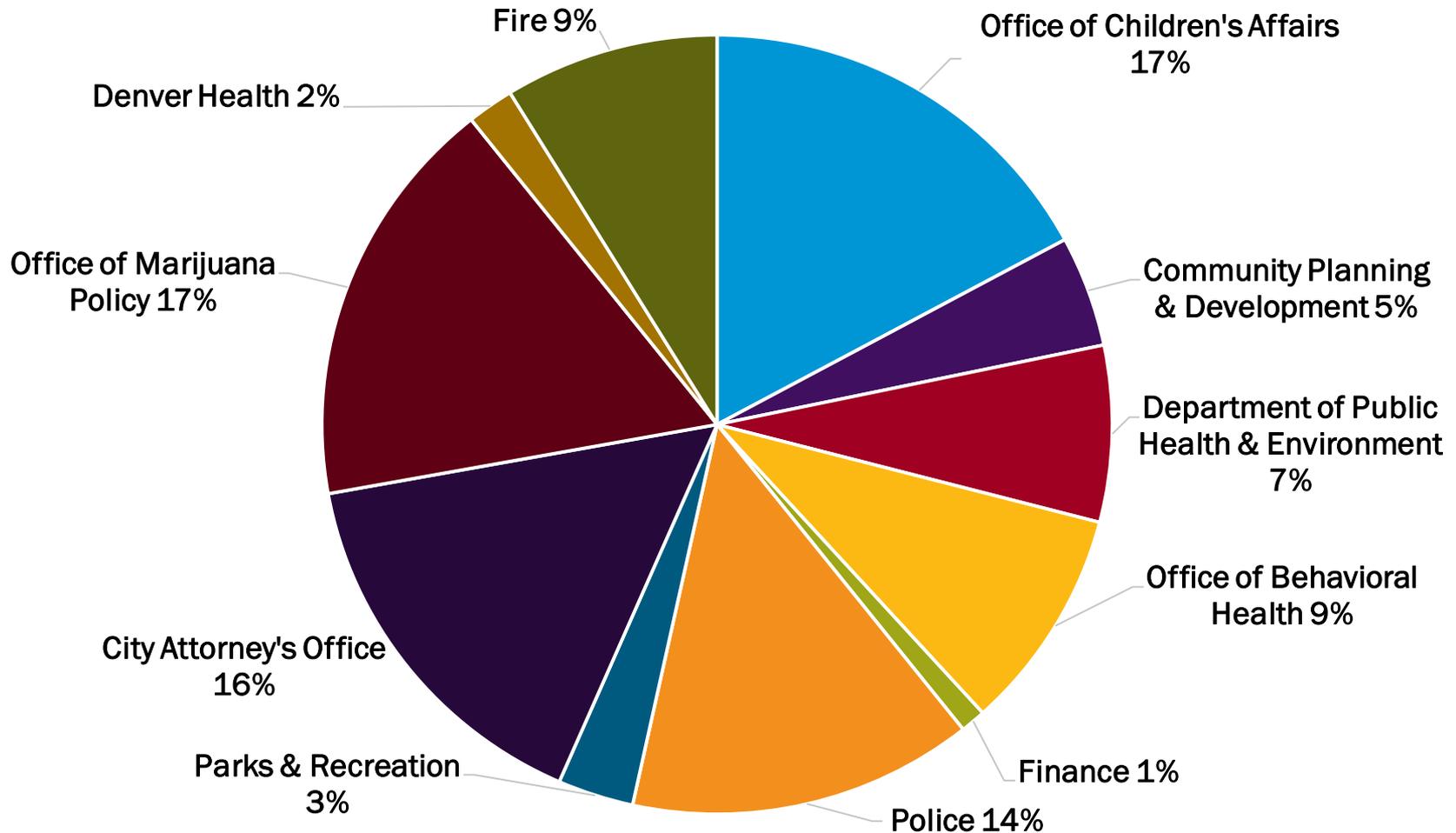
- All revenues go to the General Fund
- The special retail sales tax and the state shareback are specifically used for marijuana regulation, enforcement and education or other identified expenditures.

- Special Retail Sales Tax
- Standard Retail Sales Tax
- Licensing Fees
- State Shareback
- Standard Medical Sales Tax

How much revenue is generated by marijuana sales in Denver?

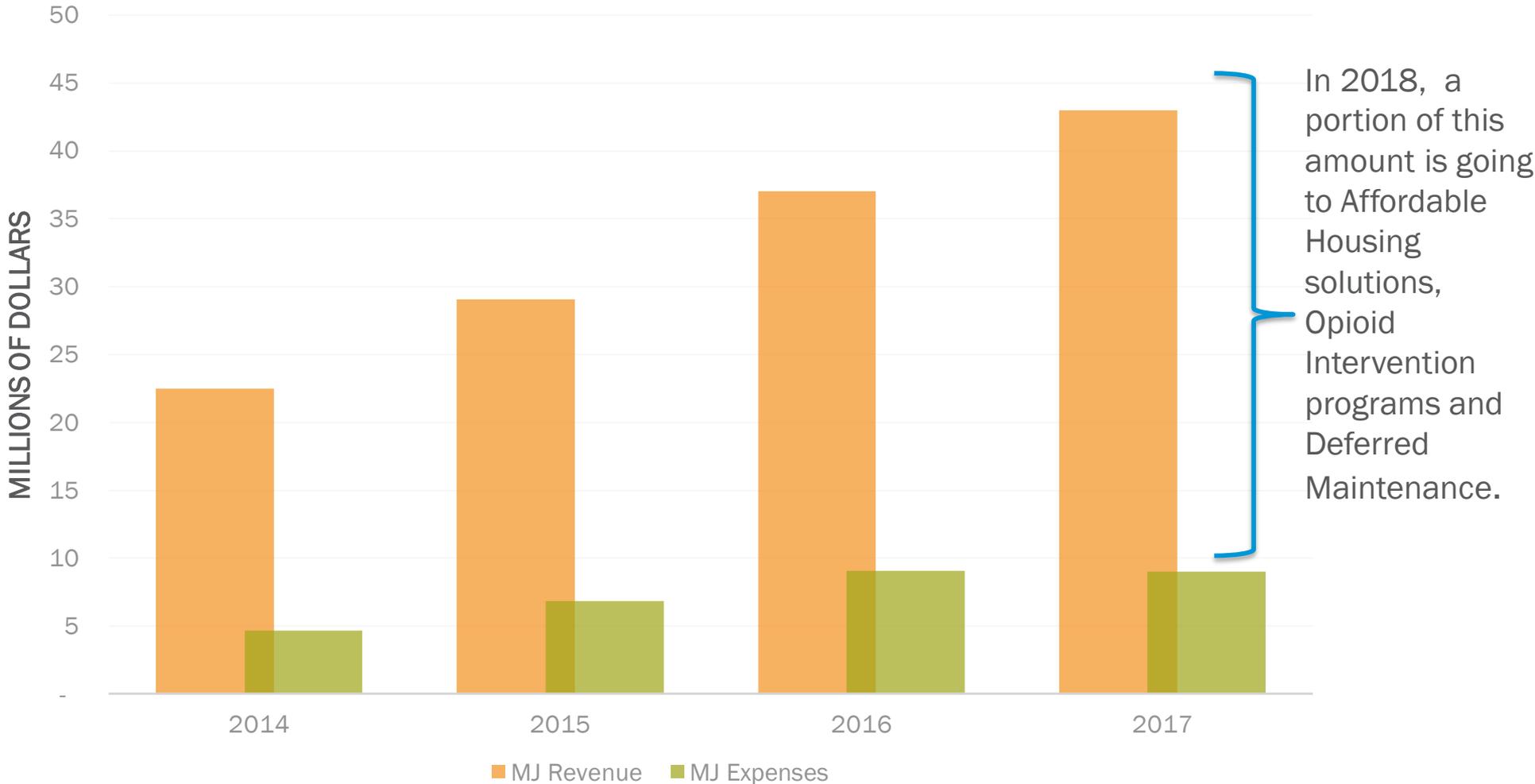


Marijuana Regulation, Enforcement and Education Costs

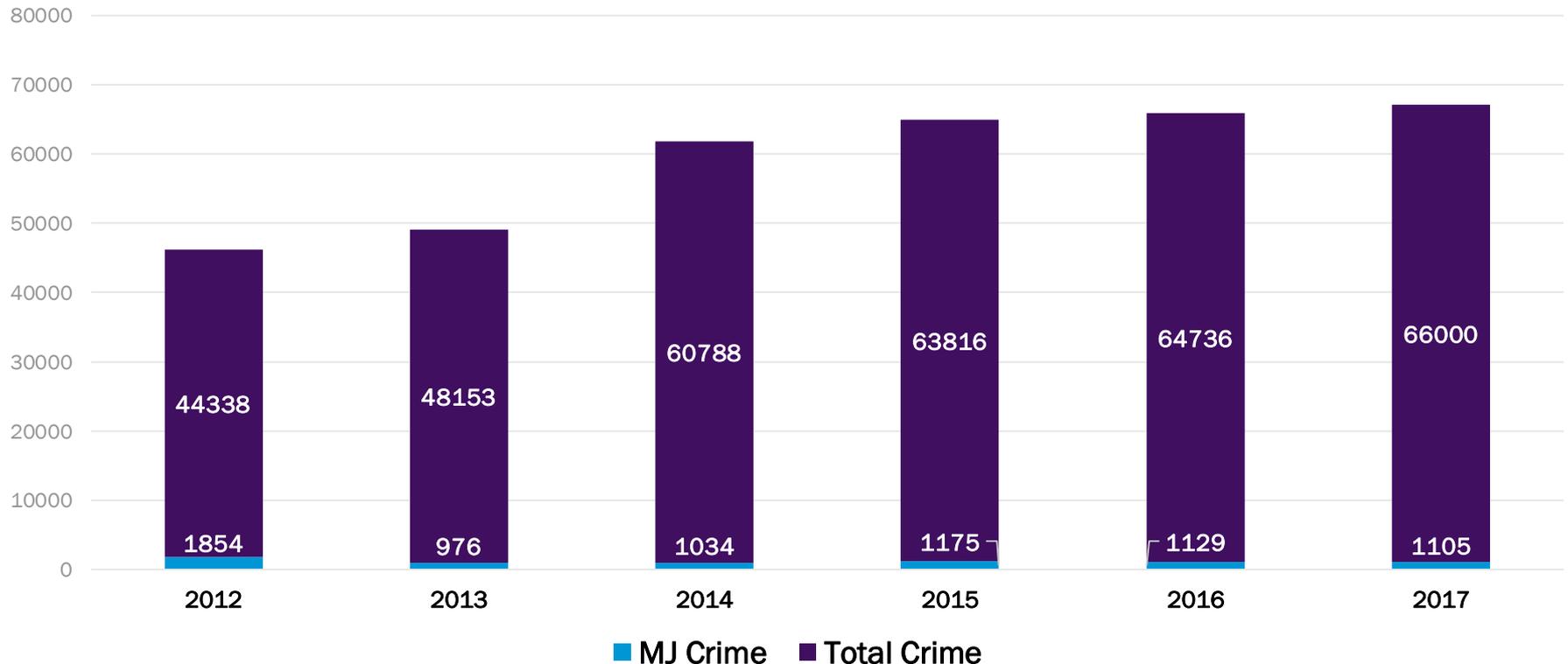


2018 Total=\$8.8 million

Denver MJ Revenue vs Expenses



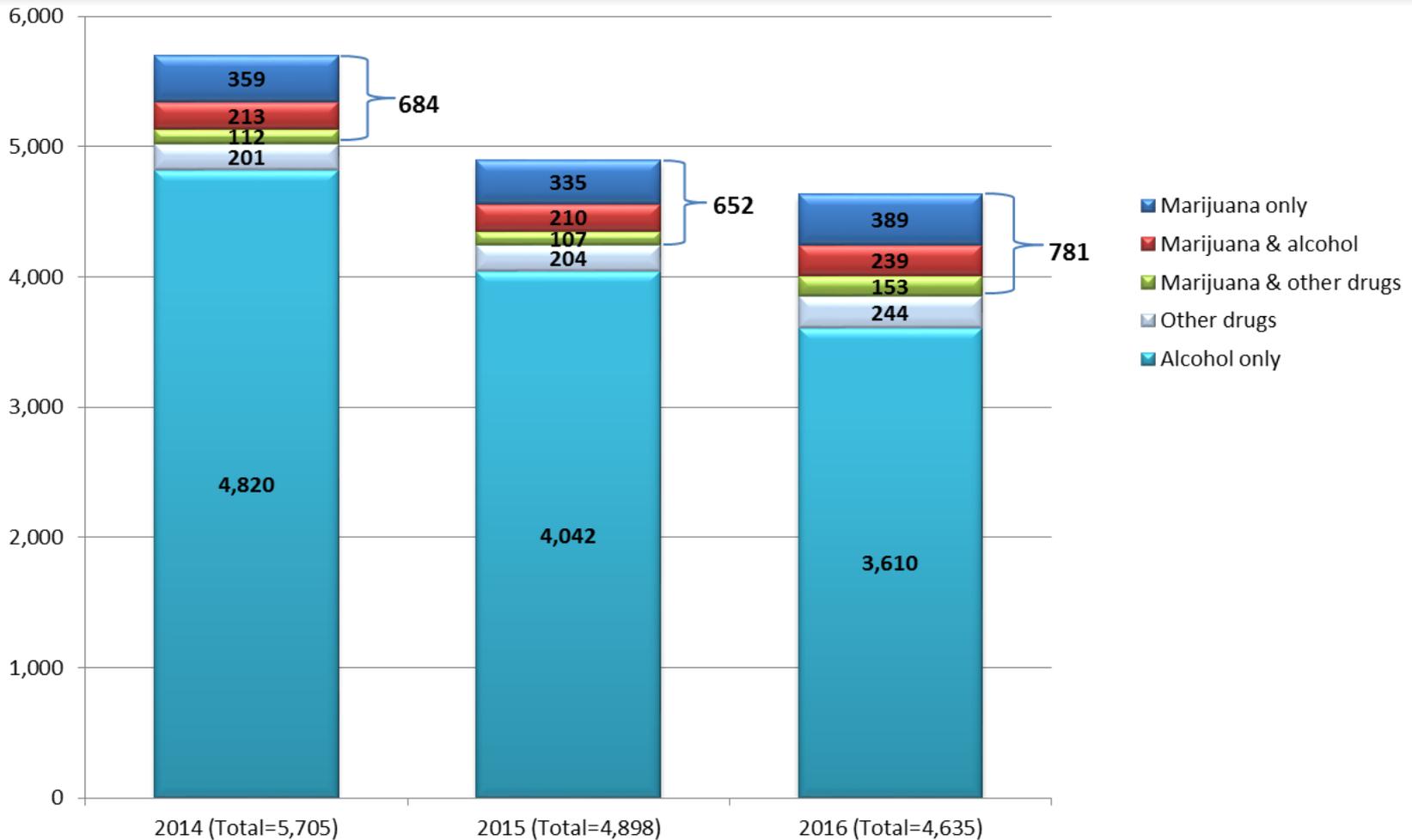
Denver MJ Crime Vs Overall Crime



The Denver Police Department changed reporting methods in 2014, leading to the inaccurate appearance of a spike in crime.

When the data is normalized, crime increased by only 2.5% between 2013 and 2014.

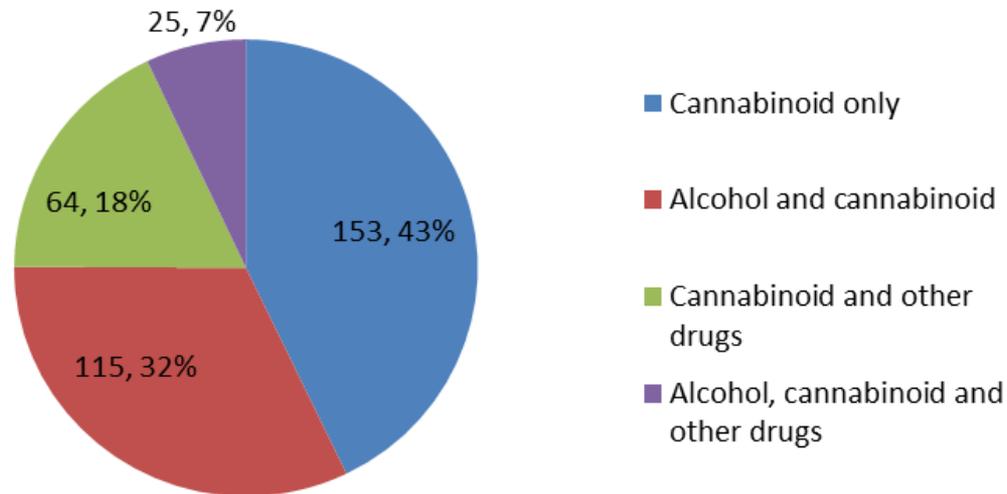
DUI Citations Colorado State Patrol



Note: A positive test for cannabinoids may be the result of active THC or one of its inactive metabolites and does not necessarily indicate impairment. Source: Data provided by Colorado Department of Transportation, 6/27/2017.

2016 DATA ARE PRELIMINARY AND SUBJECT TO CHANGE

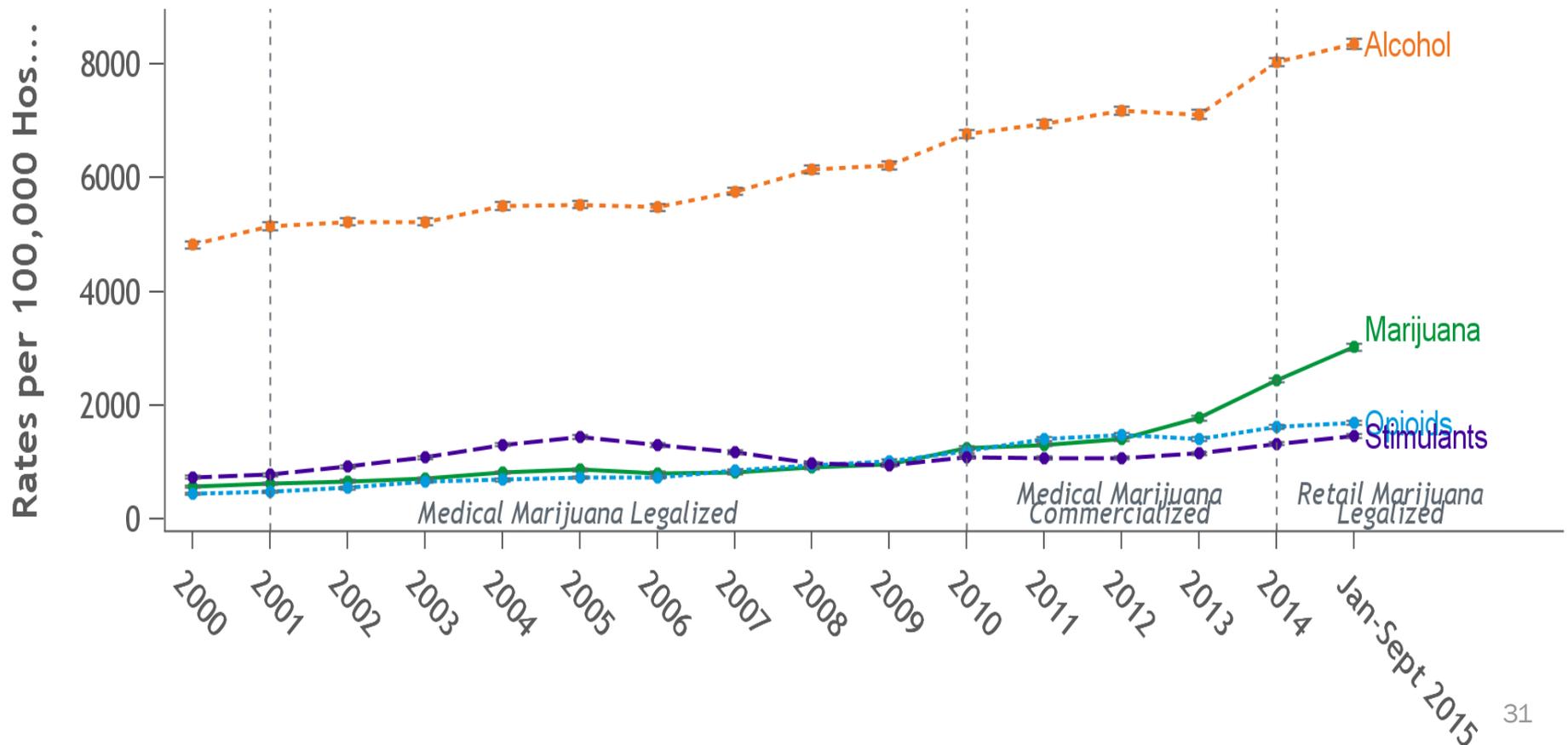
Fatalities with Cannabinoid Positive Driver, 2013-16



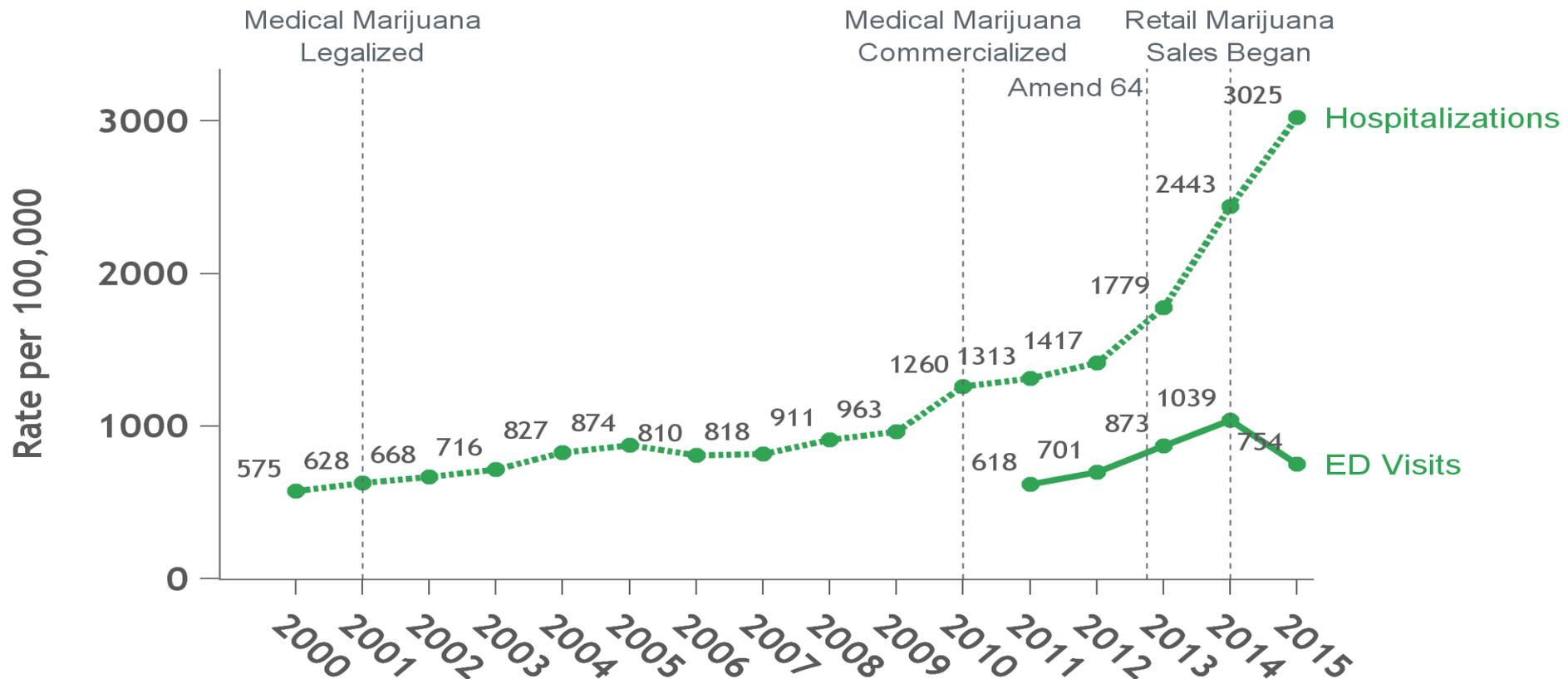
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Colorado Hospitalizations Indicating Marijuana Compared to Other Substances

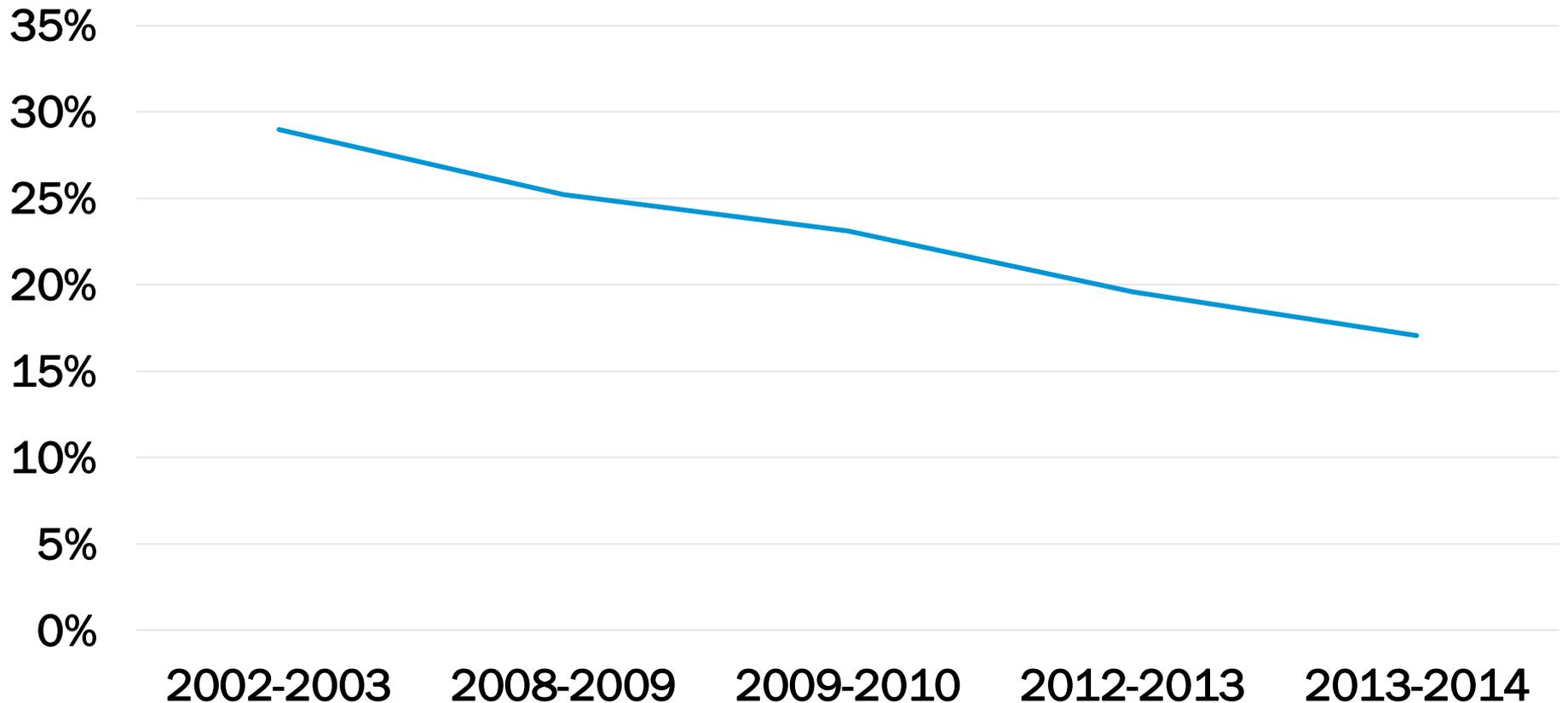


Colorado Hospitalizations and Emergency Department Visits Indicating Marijuana



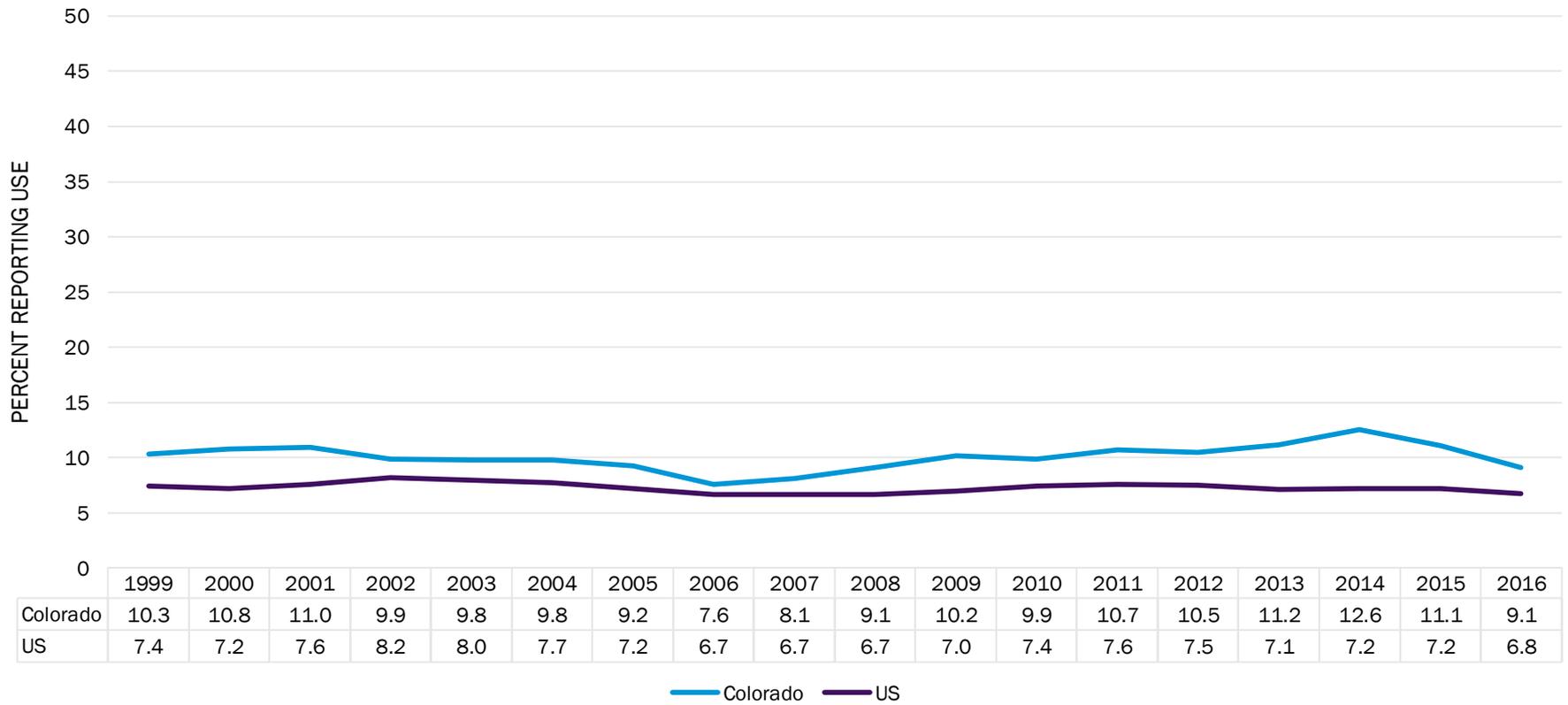
Assessing the Impact: Youth Perceptions

Colorado - Perception of "Great Risk" of Smoking MJ Once a Month
(12-17 year olds)



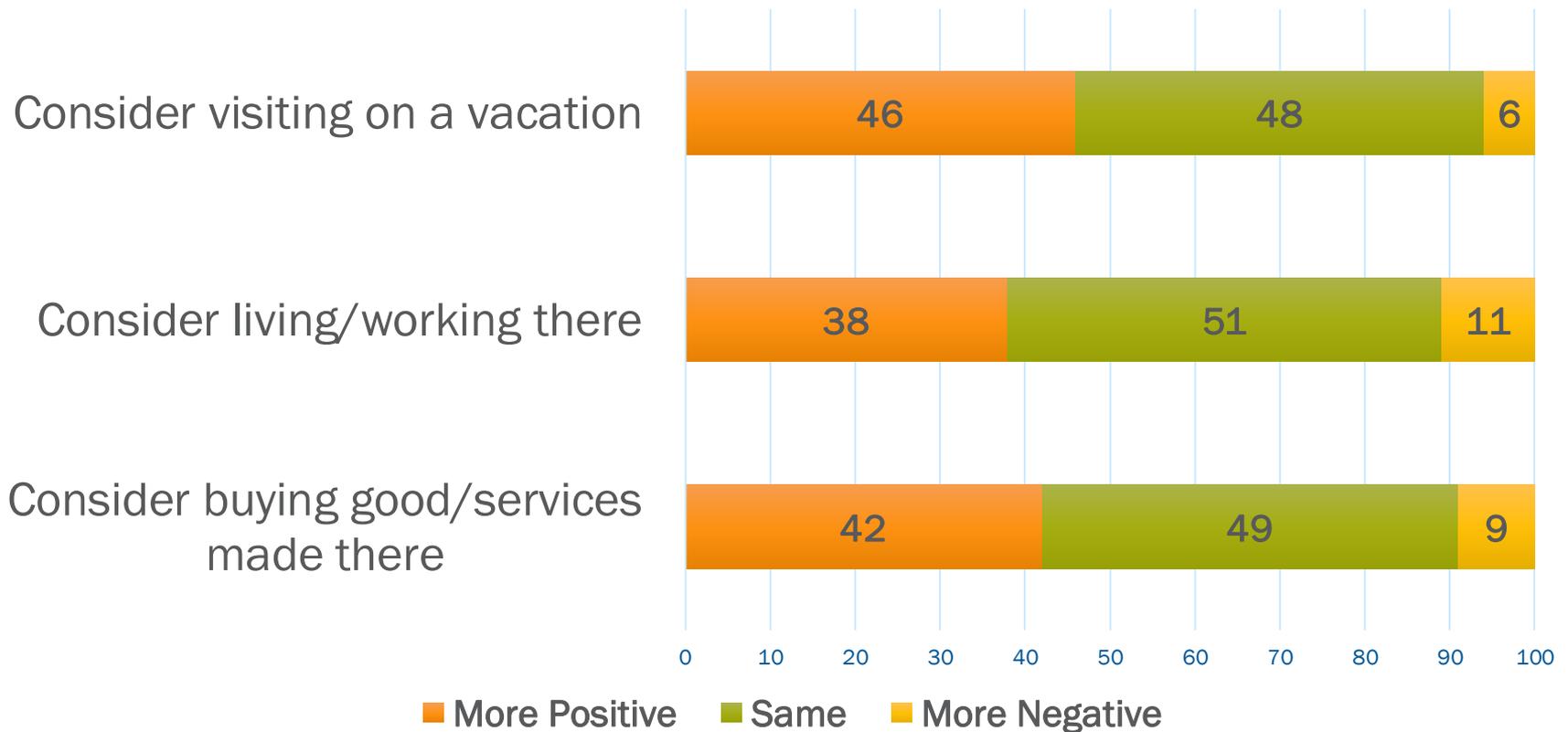
Assessing the Impact: Youth Impacts

Colorado Past 30 day marijuana use, 12-17 year olds



Source: Substance Abuse and Mental Health Services Administration, *National Survey on Drug Use and Health*.

Legalization's Impact on Non-Resident Tourism



*Data sourced from a 2017 Longwoods International Survey

- Consumer Safety (Potency, Pesticides, Molds, Additives, Etc.)
- Sustainability
- Odors
- Industrial warehouse space
- Unanticipated consequences
- Hemp
- Neighborhoods
- Image and culture

Safety First!

- ❖ Extractions outside of a Licensed Facility
- ❖ Extractions inside a Licensed Facilities-Closed Loop Systems
- ❖ Non-licensed or personal growing
- ❖ Marijuana Plants Contaminated with Pesticides
- ❖ Addressing growth of the industry

Collect Data!

- ❖ Separate marijuana within your data sets

Work Together!

- ❖ The Collaborative Approach works



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Thank You!

Web: [Denvergov/MarijuanaInfo](https://denvergov.org/MarijuanaInfo)

Email: MarijuanaInfo@Denvergov.org

Molly Duplechian, Deputy Director of Policy and Administration, Excise
and Licenses