

Case No. PZ-21-00056 Zoning Code Text Amendment - 2021: Marijuana Uses

Narrative and Regional Conformance Analysis

Narrative

Approved by the Arizona voters in November 2020, Proposition 207 – Smart and Safe Arizona Act (the “Act”) allows for the recreational use and retail sales of marijuana to persons 21 years of age and older. In addition, the Act allows for cities, towns, and counties to enact local zoning regulations pertaining to the Act and the associated sale, cultivation, product manufacturing, and testing of marijuana, provided that the regulations are not more restrictive than the community’s provisions for medical marijuana use.

On January 12, 2021, and March 2, 2021, the City Council provided direction to staff to modify the existing medical marijuana Zoning Code provisions to accommodate the Act’s associated uses (Marijuana Dispensary, Marijuana Off-Site Cultivation Location, Marijuana Off-site Manufacturing Location, and Marijuana Testing Facility). In addition, the City Council’s direction included limiting the sales of marijuana to entities that are certified by the State of Arizona to operate as a medical dispensary or dual license (medical or recreational) dispensary. The direction also included utilizing the applicable medical marijuana Zoning Code criteria for all marijuana uses that the Act addresses.

To accommodate the City Council's direction to allow both the medical marijuana and the Act’s uses, the proposed revisions to the Zoning Code incorporate changes to the existing Medical Marijuana provisions that combine the uses in a general manner while utilizing the Act’s more inclusive terms and definitions. Therefore, several existing terms and land use are either modified or deleted, and new terms and land uses are added. In addition, the new land uses have been added to several zones. The following is a summary of the modification:

- The Medical Marijuana Dispensary land use has been revised to be called Marijuana Dispensary.
- Medical Marijuana Off-Site Cultivation Location is proposed to be revised to Marijuana Off-Site Cultivation Location.
- A new land use, Marijuana Testing Facility, and its associated definition has been added. This land use is a laboratory that researches and tests marijuana and marijuana products for potency and impurities.
- A new land use, Marijuana Off-site Manufacturing Location, and its associated definition has been added. The proposed definition of the land use allows for the manufacturing, packaging, processing, and storage of marijuana and marijuana products, excluding the sale or transfer of marijuana and marijuana products to consumers.
- A new term and definition of Marijuana Establishment has been added to maintain consistency with the Act. A Marijuana Establishment is any of the following: Marijuana Dispensary, Marijuana Off-Site Cultivation Location, Marijuana Off-site Manufacturing Location, or Marijuana Testing Facility.
- The Marijuana Off-site Manufacturing Location and Marijuana Testing Facility land uses are proposed to be allowed in the Light Industrial (LI), Light Industrial – Open (LI-O), Heavy Industrial (HI), and Heavy Industrial – Open (HI-O) zones.
- In addition to the Industrial zones, the Marijuana Testing Facility land use is proposed to be allowed in the Suburban Commercial (SC), Community Commercial (CC), Highway Commercial (HC), Commercial Service (CS), and Research and Development (RD) zones. These facilities are similar to specimen and material testing facilities (e.g., Sonora Quest, LabCorp, etc.).

Regional Plan Conformance

Chapter VIII - Community Character

- Policy CC.5.1. Promote first class arts, research, and educational facilities.
- Policy CC.5.5. Promote and expand scientific research as a key component to the Flagstaff region's character.

The Zoning Code's modifications incorporate the Marijuana Testing Facility land use into several zones to achieve the above-referenced policies. The primary function of these facilities is to research and test for potency and impurities. An essential component of the marijuana use industry is to inform consumers of product information pertaining to what they are purchasing, including safety considerations. Adding this land use to the Zoning Code helps expand the potential businesses that could contribute to Flagstaff's research community and diversification of services, which will also contribute to a new and expanding consumer marijuana industry. Furthermore, the incorporation of the land use allows for local marijuana establishments to have their products tested locally, negating the necessity to ship products for analysis to other testing facilities throughout the state.

Chapter IX - Growth Areas & Land Use

- Policy LU.3.5. Allow and encourage urban agriculture.
- Policy LU.15.1. Encourage the grouping of medical and professional offices, light industrial, research, and skill training with other necessary workforce services and transportation options.

The modifications to incorporate the marijuana establishment land uses and the zones they are permitted allow for locating complementary uses nearby, which will help create embryonic synergies of the industry's varying components. In addition, the cultivation of medical and recreational marijuana within Flagstaff may assist in promoting, expanding, and diversifying the urban agriculture industry in the industrial areas and within dispensaries. Also, the commercial and industrial zones that these uses are allowed are typically nearby transportation facilities that may assist with the shipment of products and promote a new and expanded industry.

Chapter XIV - Economic Development

- Goal ED.1. Create a healthy environment for business by ensuring transparent, expeditious, and predictable government processes.
- Goal ED.3. Regional economic development partners support the start-up, retention, and expansion of existing business enterprises.
- Policy ED.3.1. Encourage regional economic development partners to continue proactive programs to foster the retention and expansion of existing enterprises and home-based businesses in the community.
- Policy ED.3.5. Advocate the economic sustainability and growth of businesses with opportunities for transitional commercial space, leased space, and property ownership.
- Policy ED.4.2. Promote variety and flexibility in land use and development options within the urban growth boundary.

To achieve the above-referenced policies, the Zoning Code's modifications are intended to provide simplified requirements that are transparent and minimize duplication with the State of Arizona's requirements to be certified to cultivate, manufacture, sell, and store marijuana products. In addition, the modification to the existing medical dispensary provisions to allow the sales of recreational marijuana will permit existing businesses to expand. The incorporation of these land uses, and the removal of the current provisions that require cultivation locations to be associated with a Flagstaff dispensary, may also assist in the utilization of existing vacant industrial buildings and expand Flagstaff's

exportation of products grown, stored, and manufactured within the city. Furthermore, the land uses expand the diversity of uses allowed within the Zoning Code.