

Medical Marijuana Cap on Licensed Locations MMJ Testing Facilities

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Medical Marijuana (MMJ) Licenses

- Current moratorium on new MMJ licenses or changes of location expires 5/25/2017.
- Current number of MMJ licenses and locations:

| License Type | Number |
|--|------------|
| MMC (Center – Dispensary) | 132 |
| OPC (Optional Premises Cultivation – Grow) | 173 |
| MIP (Infused Product Manufacturer) | 51 |
| TOTAL LICENSE TYPES | 356 |
| | |
| Unique Premises Addresses/Locations | 212 |

MMJ - Proposed Location Cap

Overview

1. Prohibits any new Medical Marijuana Center (dispensary) license applications.
 - Transfers of ownership are still allowed (can sell the business).
 - Surrender or expiration of an existing license does not create any opportunity for replacement (attrition may not be replaced).
2. Creates a cap on licensed MMJ locations.
 - Allows for new OPC and MIP license applications as long as they will be co-located with an existing appropriately zoned MMJ licensed location with 100% common ownership.
 - Allows for all MMJ license types to change location as long as the entire operation moves to an appropriately zoned location (or to an existing licensed location with 100% common ownership).
 - Surrender or vacation of an existing location does not create any opportunity for replacement (attrition may not be replaced).

MMJ - Proposed Location Cap

Changes of Location

In order to not increase the cumulative cap on MMJ locations, changes of location to a new appropriately zoned location would only be permitted under the following three criteria (maintaining a net neutral effect):

1. All MMJ licenses at the prior location also change location to the same new location, or
2. One or more licenses requested for change of location will be moved to another of the Licensee's existing licensed facilities, or
3. All remaining MMJ licenses at the prior location not being requested to move are surrendered.

MMJ - Proposed Location Cap

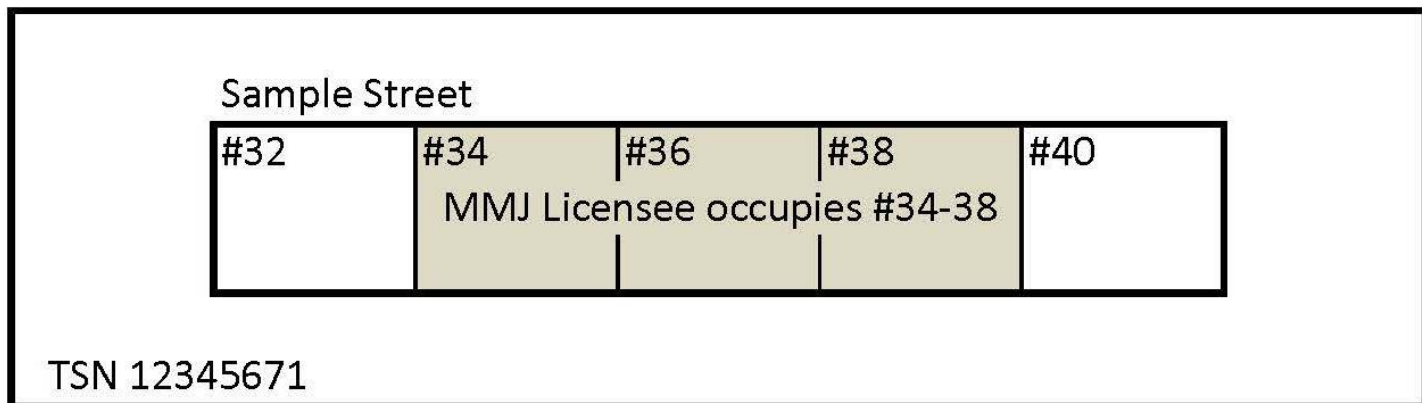
Premises: A distinct and definite location with approved unique enumeration, which may include a building, a part of a building, a room, or any other definite area with internal contiguous access, which is under the exclusive possession and control by the licensee.

- The Licensee may have multiple MMJ licenses at a single licensed premises (i.e., MMC+OPC, or OPC+OPC+MIP, etc.).
- What is a unique addressed (enumerated) location?
 - A single street address or suite within a street address
 - A range of addresses or suites within an address that has internal contiguous access and licensed as a single premises.

MMJ - Proposed Location Cap

Examples of unique addressed location

- A. Licensee has MMC and OPC co-located, where the licensed premises occupies three distinct street address:

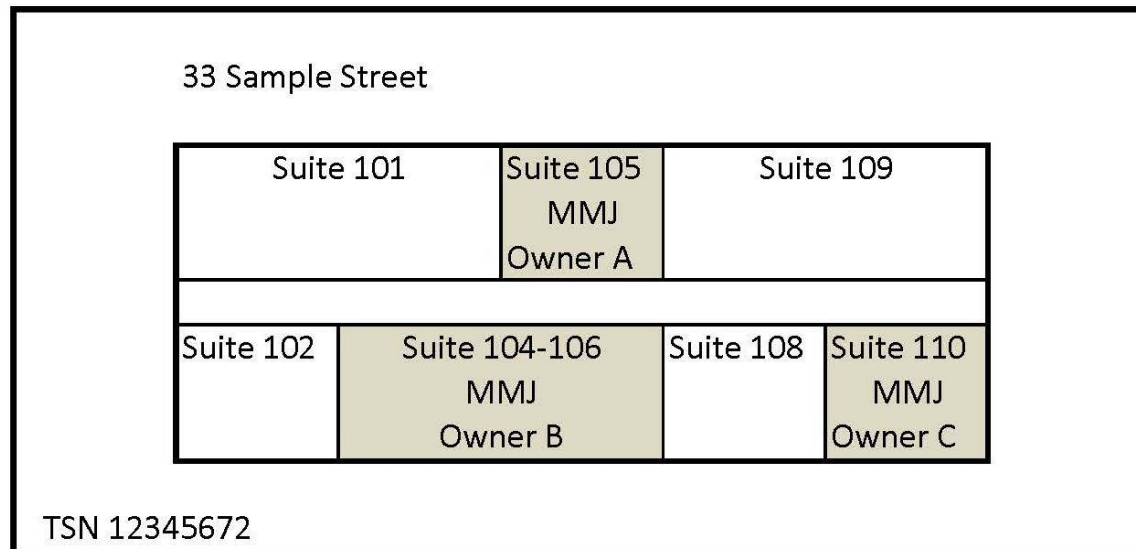


34-38 Sample Street is one unique location
(12 current cases)

MMJ - Proposed Location Cap

Examples of unique addressed location

- B. Multiple Licensees have separately licensed MMJ premises within a single street address or parcel:

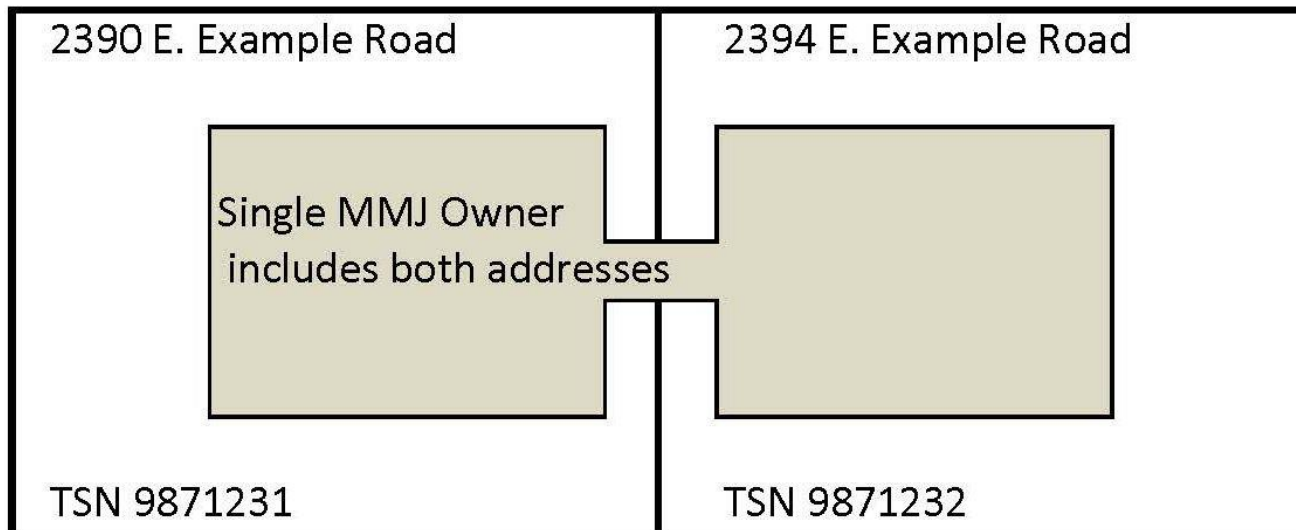


33 Sample Street has three unique locations
(20 current cases)

MMJ - Proposed Location Cap

Examples of unique addressed location

C. Licensee has a single licensed MMJ premises that covers two addresses and parcels (with contiguous internal access):



2390-2394 E. Sample Street is one unique location
(1 current case)

MMJ - Proposed Ordinance

Includes allowing **Medical Marijuana Testing Facilities** to be licensed in the City:

- Creates a separate cap of one licensed MMJ Testing Facility location for every one hundred MMJ licenses subject to the cumulative cap.
- Maximum of three MMJ Testing Facilities based on current number of unique MMJ licensed locations.
- Must be in appropriately zoned location.
- Maintains current prohibition on Retail Marijuana Establishments which includes Retail Marijuana Testing Facilities (only MMJ testing would be allowed).

State Mandated MMJ Testing

Effective 7/1/2016 – Mandatory 11/1/2016

- MMJ Testing Facilities are subject to significant State regulations (CDPHE, CDA, and State MED Regulation Series 700 and 1500) including protocols, practices, standards, personnel qualifications, analytical processes, quality control, security, chain of custody, certifications, equipment calibrations, and reporting requirements (in addition to standard MMJ regulations applicable to all MMJ licensees).
- Requires ongoing proficiency testing to maintain continued certification.
- Currently 14 licensed MMJ Testing Facilities in state
8 in Denver, 1 in Aurora, 1 in Boulder, 1 in Wheat Ridge, 2 in Durango, 1 in Carbondale; some existing licensed testing facilities offer courier services.

State Mandated MMJ Testing

Continued

- MMJ Testing Facilities may only perform tests that are certified by the MED with proficiency tests and standards developed by CDPHE.
 - Microbial Contaminants
 - Residual Solvent Contaminants (including prohibited)
 - Chemical Contaminants (including prohibited pesticides)
 - Biological Contaminants
 - THC and other Cannabinoid profiles, potency, and homogeneity
- Prohibited from testing Industrial Hemp.
- Prohibited from having any financial or ownership interest in any MMJ or RMJ license.

State Mandated MMJ Testing

Continued

- MMJ Licensee Process Validation:
 - Until process validation is achieved; licensee must continue to have samples of each unique harvest or production batch tested.
 - At least four test batches for every unique harvest, strain, or production batch has passed all contaminant tests for at least four weeks.
 - Number of required testing samples per batch depends on size of harvest or production batch.
 - Process validation effective for one year.
 - Material changes to cultivation or production processes requires re-validation of process.
 - Ongoing potency testing required at least once every six months.

MMJ Testing Facilities

Recommendation

- Amend MMJ Licensing Code to define and require MMJ Testing Facility licensing.
 - Without changing local codes to allow for licensing of MMJ Testing Facilities, the mandatory MMJ testing will not be available COS.
- Include MMJ Testing Facility fees in discussion and approval of applicable MMJ application and license fees.
- Determine applicable zoning for new MMJ facility type.