

**PLANNING COMMISSION  
STAFF REPORT**

---

**Date:** December 7, 2017

**To:** Reno City Planning Commission

**Subject:** 8.1. Staff Report (For Possible Action): Presentation, update, and discussion regarding permanent recreational marijuana Reno Municipal Code changes and stakeholder discussions.

**From:** Jeff Borchardt, Associate Planner

---

**Background:** On November 8, 2016, Question 2 was passed legalizing the recreational use of Marijuana by individuals aged 21 or over. The ballot measure was designed to begin on January 1, 2018, allowing the State time to draft the regulations. In May of 2017, the State Department of Taxation approved temporary early start regulations allowing the sale of recreational marijuana to begin on July 1, 2017, in locations that were licensed for medical marijuana facilities. The State Department of Taxation is in the process of formalizing their permanent regulations, as is the City of Reno. City staff has conducted stakeholder outreach to all five neighborhood advisory boards; owners of existing marijuana cultivation, production, and dispensary facilities; commercial real estate organizations; and the redevelopment advisory board. The State regulations cover a number of the areas where the public expressed concern (e.g. security, packaging, labeling, state licensing requirements, public health standards, quality assurance, etc.), but grant authority to the local jurisdictions to determine land use and business license regulations. Changes are expected to Title 5 (Privileges Licenses) and Title 18 (Annexation and Land Development) of the Reno Municipal Code (RMC). The presentation will provide a basic framework to what City Staff is considering for regulations and several key decision points related to land use changes. Staff is seeking comments from the Planning Commission on the concepts described below.

**Discussion:** City staff is requesting the Planning Commission provide direction on several key decision points regarding: 1) zoning designations allowing recreational marijuana establishments; 2) retail marijuana establishments in Downtown Reno; 3) location criteria for retail marijuana establishments; and 4) hours of operation for retail marijuana establishments. Each of these decision points are framed below.

Zoning Designations Allowing Recreational Marijuana Establishments: With the exception of Downtown Reno, we heard from members of the public during the stakeholder outreach that recreational marijuana establishments should be allowed in all zones where medical marijuana

establishments are located. It is important to note that medical marijuana facilities were limited to medical patients and function similarly to pharmacies. Recreational marijuana will be treated similarly to alcohol and can be more akin to a liquor store from a land use standpoint. Further, recreational establishments will serve a broader clientele than medical facilities, which may present a new set of challenges not experienced with medical facilities. With the recent comprehensive planning efforts of ReImagine Reno, Urban Land Institute, and the Downtown Action Plan, priorities for various areas of the City have been clarified from the time that the medical marijuana provisions were enacted. Therefore, this is an opportunity to review the appropriateness of zoning districts that allow for retail sales of recreational marijuana, as well as cultivation, production, and testing facilities.

The table in **Exhibit A** shows a list of each of the zoning districts (with the exception of the Downtown Reno Regional Center), whether a medical marijuana establishment is currently allowed, and whether a recreational marijuana facility is proposed to be allowed.

#### *Cultivation, Production, and Laboratory Testing Facilities*

Limited changes related to land use are expected in the State regulations between medical and recreational cultivation, production and testing establishments. Given the inconspicuous nature of cultivation, production, and testing establishment, staff is proposing limited changes to the zoning. Cultivation in association with recreational marijuana is proposed to be prohibited in the following zones where medical marijuana cultivation is currently allowed: Arterial Commercial (AC), Community Commercial (CC), and the Mixed Use/South Virginia Transit Corridor (MU/SVTC). Each of these zones are more commercial in nature serving commercial retail, office, and multifamily residential uses. Cultivation facilities are more industrial in nature and are more compatible with similar uses. All zones in which the cultivation of marijuana for recreational use will be allowed are more industrial in nature. Production facilities associated with recreational marijuana is proposed to be prohibited in the following zones where medical marijuana production is currently allowed: AC, CC, and Mixed Use/Redfield Regional Center/Retail Commercial/Academic (MU/RRC/RC/A). Similar to cultivation facilities, production facilities are more industrial in nature, but tend to be smaller than cultivation facilities. Because of their industrial nature, City staff has recommended removal of production facilities from the zoning districts that are predominantly commercial in nature. Laboratory testing facilities for recreational marijuana are proposed to be allowed in the same zones as testing facilities for medical marijuana.

#### *Dispensaries*

Dispensaries for recreational marijuana sales versus medical sales are proposed to no longer be allowed in any of the regional centers or the CC zone. Both the Redfield Regional Center (RRC) and the Western Gateway Regional Center (WGRC) currently allow medical dispensaries within several districts. Both of these regional centers are located at gateways into the City. The

WGRC is located along I-80 on the western city limits and the RRC is located along I-580/US395 at the southern entrance to the City. Similar to the discussion with Downtown Reno below, City policies encourage a vibrant mix of uses that will be reflective of the City’s image. The location of marijuana dispensaries may discourage investment in high quality mixed use developments. The Downtown Reno Regional Center (DRRC) is discussed in greater detail below.

The table below highlights the decision points staff is requesting the Planning Commission consider to provide staff with clear direction.

Policy Consideration	Positive	Negative
Allow recreational marijuana establishments in all zones where medical marijuana establishments are allowed.	<ul style="list-style-type: none"> <li>• Ease of implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Could result in the establishment of dispensaries in areas at the gateways to the City, which may be a bad first impression;</li> <li>• May be seen as exacerbating characteristics that limit investment and a variety of uses necessary for a healthy mix of uses in regional centers;</li> <li>• Could allow for uses to be established that may be incompatible with existing uses and uses allowed in the underlying zone.</li> </ul>
Follow staff’s recommended zoning districts as listed in Exhibit A	<ul style="list-style-type: none"> <li>• Will assist in implementing the goals and objectives of creating a vibrant mix of uses in regional centers;</li> <li>• Will provide a positive first impression of the City;</li> <li>• Will create more consistency with surrounding uses allowed in the underlying zone.</li> </ul>	<ul style="list-style-type: none"> <li>• Could create inconsistencies with existing established production and cultivation uses.</li> <li>• Eliminates an entire portion of the City as an opportunity to expand a new industry.</li> </ul>

In addition to the table above, the Planning Commission may provide an alternative direction beyond the decision points framed in the table. Any suggested amendments can be incorporated into the final regulations before they are developed.

Retail Locations in Downtown: For decades, Downtown Reno has shifted away from a gaming-oriented tourist destination. The City has focused on efforts to diversify the economy and shift

the uses in Downtown to attract people of all ages and demographics. Some examples of these efforts include the construction of the river walk, the kayak park, the baseball stadium, the Reno Events Center, and ReTrac. Additionally, recent planning efforts like ReImagine Reno and the Downtown Action Plan reveal that perception of safety in Downtown is a major deterrent to one choosing to visit or invest. Many recommended policies are to encourage a mix of uses that support a wide variety of people living and working in downtown. While there is a rich history of entertainment uses such as bars, lounges, nightclubs, and gaming in Downtown, the loss of resort/casinos and the prevalence of vacant buildings have led to a preponderance of liquor stores, pawn shops, bars, and vacant lots without a balance of alternative uses. While this leads to a vibrant nightlife on the evenings and weekends, there is a lack of a mix of uses that are necessary for a vibrant downtown. The major decision point centers on whether allowing retail marijuana establishments in Downtown is appropriate. There is one existing establishment located within the Downtown Reno Regional Center (Mynt Cannabis Dispensary).

Policy Consideration	Positive	Negative
Allowed in the same zones as medical marijuana	Ease of implementation.	<ul style="list-style-type: none"> <li>• Located within close proximity to family-oriented facilities of which they may be seen as incompatible;</li> <li>• May be seen as exacerbating characteristics that limit investment and a variety of uses necessary for a healthy downtown;</li> <li>• Not in support of efforts to link UNR with downtown.</li> </ul>
Not allowed in Downtown	<ul style="list-style-type: none"> <li>• Will support implementing the goals and objectives of creating a vibrant mix of uses in Downtown;</li> <li>• Will be consistent with connecting the University with Downtown;</li> <li>• Will not contribute to more incompatible uses in Downtown.</li> </ul>	<ul style="list-style-type: none"> <li>• Limits the expansion of the established medical facility;</li> <li>• Eliminates an entire portion of the City as an opportunity to expand a new industry.</li> </ul>
Allow recreational marijuana sales within existing established Medical Marijuana Establishments	<ul style="list-style-type: none"> <li>• Will protect existing investments for current dispensaries;</li> <li>• Will assist in implementing the goals and objectives of creating a vibrant mix of uses in Downtown;</li> <li>• Will be consistent with</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminates an entire portion of the City as an opportunity to expand a new industry.</li> <li>• The grandfathered retail establishment will be located within close proximity to family-oriented facilities, of which they may be seen as incompatible;</li> </ul>

	connecting the University with Downtown; <ul style="list-style-type: none"> <li>• Will not contribute to more incompatible uses in Downtown.</li> </ul>	<ul style="list-style-type: none"> <li>• The grandfathered retail establishment may be seen as exacerbating characteristics that limit investment and variety of uses necessary for a healthy downtown;</li> <li>• The grandfathered retail establishment is not in support of efforts to link UNR with downtown.</li> </ul>
--	--	--

Locational Criteria for Retail Marijuana Establishments: The State law consists of provisions for distance separation of marijuana establishments from community facilities such as churches and day cares (300 feet) and schools (1,000 feet). One of the topics discussed in the various stakeholder groups included potentially increasing these distance separation requirements or placing distance separation requirements between retail establishments. This decision point has been split into two different categories: 1) distance separation requirements between marijuana facilities and community facilities/schools; and 2) distance separation between retail establishments.

#### **Distance Separation of Establishments from Community Facilities and Schools**

<b>Policy Consideration</b>	<b>Positive</b>	<b>Negative</b>
Defer to State Law on distance separation requirements	<ul style="list-style-type: none"> <li>• Ease of implementation;</li> <li>• Cross jurisdictional consistency;</li> <li>• Utilization of a distance separation that has been proven to work.</li> </ul>	<ul style="list-style-type: none"> <li>• Less restrictive</li> </ul>
Increase the distance separation	<ul style="list-style-type: none"> <li>• Will ensure a greater separation to uses that are not compatible with marijuana establishments</li> </ul>	<ul style="list-style-type: none"> <li>• Restricts beyond what is required by state law;</li> <li>• Could be considered over regulating;</li> <li>• Some of the existing medical establishments may not meet the standards.</li> </ul>

#### **Distance Separation Between Establishments**

<b>Policy Consideration</b>	<b>Positive</b>	<b>Negative</b>
No distance separation between retail establishments	<ul style="list-style-type: none"> <li>• Maintains consistency with the existing requirements for medical marijuana establishments;</li> </ul>	<ul style="list-style-type: none"> <li>• Does not do anything to reduce over concentration.</li> </ul>

Distance separation between establishments	<ul style="list-style-type: none"> <li>• Reduces concentration of establishments and any negative effects associated with overconcentration.</li> </ul>	<ul style="list-style-type: none"> <li>• Could result in inconsistencies with existing established facilities meeting this requirement depending on the distance separation.</li> </ul>
--	---	---

Hours of Operation for Retail Marijuana Establishments: In a majority of the zones within the City, the allowed hours of operation are 6:00 a.m. to 11:00 p.m. Several overlay zones allow 24 hour operations by right. Community safety, public consumption, and compatibility with surrounding uses were some of the concerns expressed during the stakeholder outreach. Hours of operation issues are typically associated with retail establishments. State law prohibits unauthorized people from entering into cultivation, production, or laboratory facilities. Further, they are often in discrete locations with little to no advertising. Therefore, these facilities are likely to see low levels of activity or impacts to surrounding uses. As such, the policy decision matrix below highlights each of the proposed allowed hours of operation ranges for retail establishments with their respective positive and negative attributes.

<b>Policy Consideration</b>	<b>Positive</b>	<b>Negative</b>
Code Default	<ul style="list-style-type: none"> <li>• Already written in code;</li> <li>• Easy to administer;</li> <li>• No impact to existing establishments operating under the early start program;</li> <li>• No conflict with the existing medical marijuana regulations;</li> <li>• Treats these businesses similarly to other businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Lower levels of street activity to deter crime that may occur during evening hours;</li> <li>• Increases the potential for public consumption;</li> <li>• Higher probability of intoxicated people causing problems;</li> <li>• Difficult to enforce hours of operation with certain zones allowing 24 hours and others not;</li> <li>• Increased demand on public safety resources outside of maximum staffing hours.</li> </ul>
6:00 a.m. to 11:00 p.m.	<ul style="list-style-type: none"> <li>• Easy to enforce a standard that is consistent across all locations;</li> <li>• Consistent with the standard hours in the code.</li> <li>• A reduction in the hours of operation will reduce the negative activities that occur later in the evening, thereby reducing crime potential.</li> </ul>	<ul style="list-style-type: none"> <li>• There may be a conflict with those establishments that will also operate as a medical dispensary;</li> <li>• Lower levels of street activity to deter crime that may occur;</li> <li>• Increases the potential for public consumption (less than 24 hour operations);</li> <li>• Higher probability of intoxicated people causing problems (less than 24 hours);</li> <li>• Increased demand on public safety</li> </ul>

		resources outside of maximum staffing hours.
10:00 a.m. to 10:00 p.m.	<ul style="list-style-type: none"> <li>• Easy to enforce a standard that is consistent across all locations;</li> <li>• Operating during the hours of highest number of officers on patrol, increasing the ability respond to incidents.</li> <li>• Reduced impact to surrounding uses.</li> </ul>	<ul style="list-style-type: none"> <li>• Decreased business hours for the businesses;</li> <li>• Not consistent with the standard operating hours in underlying zones;</li> <li>• Only type of business with these operating hours allowed by code.</li> </ul>

The Planning Commission may choose one of the alternatives analyzed above or provide direction with other suggested hours of operation.

**Recommendation:** Staff recommends the Planning Commission provide direction on each of the key decision points and support the overall regulatory framework to assist staff in developing a preferred direction for an amendment to Title 18.

**Attachments:**

- Exhibit A- Zoning Designations (PDF)