

# STAFF REPORT

**DATE OF STUDY SESSION: March 1, 2021 / AGENDA ITEM NO. 4**

To: Mayor and City Council  
From: Ben Goldstein, Deputy City Manager (x7050)  
Subject: **IMPLEMENTATION OF VOTER APPROVED RETAIL MARIJUANA SALES**

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**SUMMARY STATEMENT:** In November 2020, through a citizen initiated question, Lakewood voters were asked if they supported the sale and cultivation of retail marijuana via Ballot Question 2B. With 66.1% of the electorate voting yes, the City of Lakewood began the process of enacting the new law. This item does not require any specific City Council action at this time.

**BACKGROUND INFORMATION:** The City of Lakewood had previously adopted regulations governing the operation of medical marijuana centers and medical marijuana cultivation operations within the City, but did not allow any retail marijuana businesses. With the passage of Ballot Question 2B, the ordinance provides regulations governing the operation of retail marijuana stores and retail marijuana cultivation facilities, consistent with the provisions of the Colorado Marijuana Code.

Lakewood's citizen initiated ordinance allows only the owners of those medical marijuana businesses that were licensed and operating in good standing in Lakewood as of April 1, 2020 to apply for a license to operate a retail marijuana store or retail marijuana cultivation facility. Based on analysis of recent sales tax filings and a review of current licenses, it appears that up to 10 existing businesses may be eligible to apply for a retail license. As of February 1, 2020, three of those businesses has submitted the initial filing documents to apply for a retail license.

The ordinance also requires corresponding amendments to certain sections of Lakewood Municipal Code, Chapter 5.51 concerning size, location and relocation limitations, and hours of operation of medical marijuana businesses. Though staff has provided for the intake of initial application materials, additional work is still underway to ensure that all corresponding changes are identified and ultimately brought to City Council for ratification.

**BUDGETARY IMPACTS:** Though there is still a significant amount of uncertainty, staff anticipates that under the existing sales tax structure, the addition of retail marijuana sales could generate \$1,500,000 in new revenue for the city.

**STAFF RECOMMENDATIONS:** Staff recommends that the language of Ballot Question 2B be brought back as an ordinance for incorporation into the City's Code, and that updates to the municipal code necessitated by the approval of Ballot Question 2B be presented to the City Council for review as soon as possible.

**ALTERNATIVES:** City Council could delay any discussion of this item to a later date.

**PUBLIC OUTREACH:** This item was promoted through the regular communication channels for an item coming before City Council.

**NEXT STEPS:** Upon completion of a review of corresponding amendments to existing code, City Council will be asked to review and ratify those changes. City Council will also have the opportunity to direct staff to pursue additional revenue options related to the retail sale of marijuana.

**ATTACHMENTS:** None

**REVIEWED BY:** Kathleen E. Hodgson, City Manager  
Benjamin B. Goldstein, Deputy City Manager  
Alison McKenney Brown, City Attorney