

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Discussion of Collective Garden Regulations and Cannabis Policies		
<b>DEPARTMENT:</b>	City Manager's Office		
<b>PRESENTED BY:</b>	Alex Herzog, Management Analyst		
<b>ACTION:</b>	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

**PROBLEM/ISSUE STATEMENT:**

The 2015 Washington State Legislature passed comprehensive legislation amending existing laws and adding new provisions to statutes regarding medical and recreational cannabis. Perhaps the most notable of these changes is revision and remediation of the unregulated collective garden market via abolishment of collective gardens as a means to grow, process, buy, and, sell cannabis for medical use. And, recently, the state Liquor and Cannabis Board began accepting applications for additional retail licenses and will be determining the demand for cannabis producers, processors and retailers statewide.

Some Councilmembers have expressed an interest in making sure that state law be fully enforced in Shoreline so that Washington State has a closely regulated, taxed, safe industry that provides access to users with minimum risk of federal enforcement action. Councilmembers have also indicated that Shoreline should allow the changes and transitions in cannabis regulation to move forward consistent with state law and that our local regulations should not be more or less restrictive than the state law. Tonight, Council will have an opportunity to review these changes and discuss potential policy considerations regarding cannabis policy.

**RESOURCE/FINANCIAL IMPACT:**

A number of regulatory options and policy decisions are available to the City, each carrying their own potential cost and benefit. Given that this item was scheduled for introductory discussion, the resource/financial analysis for any specific regulatory option has not yet been conducted.

**RECOMMENDATION**

Staff recommends that Council discuss the regulatory options and policy decisions available to the City and determine if there is additional information needed for consideration.

Approved By:           City Manager **DT**   City Attorney **MK**

## **BACKGROUND**

Prior to the 2015 State Legislative session, medical and recreational cannabis laws had the two industries existing separately in Washington State. Regulation and licensing of collective gardens, which in practice operate as storefronts for patients prescribed cannabis as a medical treatment, are not handled by the State but instead are left to cities to regulate. And, cities took many different approaches to regulation with some jurisdictions regulating loosely and others very actively.

In contrast, recreational cannabis businesses, since their inception, are subject to special taxes and a number of rules about their operation established by the state Liquor and Cannabis Board (LCB; recent legislation changed the name of the agency from “Liquor Control Board”).

### **History of Cannabis in Washington**

Washington State Initiative Measure No. 692 (passed on November 3, 1998 by a 59% majority) codified as Chapter 69.51A RCW only provides an affirmative defense to qualifying patients and their designated providers, post-arrest, in state criminal prosecutions for violations of the Uniform Controlled Substances Act.

A move toward full regulation of medical cannabis was passed by the state legislature in 2011, but key provisions were vetoed by Governor Gregoire. One of the surviving provisions was that of “collective gardens” (CGs). As a result, CGs were specifically allowed under state legislation, but dispensaries were not.

Washington State Initiative Measure No. 502 (“I-502”; passed on November 6, 2012 by a 56% majority of the electorate) exempts the production, distribution and possession of cannabis, if conducted in compliance with state law and regulations, from all state criminal and civil sanctions. Under the rules established by the LCB, cannabis businesses (including producers, processors, and retailers) must be at least 1,000 feet from elementary or secondary schools, playgrounds, recreation centers or facilities, child care centers, public parks, public transit centers, libraries, or any game arcades where admission is not restricted to persons age twenty-one or older.

Initiative 502 did not contain any amendments to the medical cannabis statutes. Accordingly, there are two clearly separate laws regarding cannabis; one dealing with medical cannabis and the other dealing with adult recreational use and regulated retail of cannabis. Legislation from the 2015 session enacted by Governor Inslee has overhauled the medical and recreational environment.

### **Senate Bill 5052**

On April 24, 2015, Governor Inslee approved SB 5052 with several section vetoes (Attachment A). This legislation significantly revamped the entire medical cannabis structure in Washington.

The medical cannabis system is now under the jurisdiction of the LCB, and state licenses will be required for anyone making retail sales of medical cannabis or producing or processing medical cannabis for retail sale. Businesses that are now operating as medical cannabis CGs will have to make the shift to operating as licensed cannabis businesses, with all of the record-keeping that is applicable to recreational cannabis producers, processors, and retailers. For reference, Colorado, before legalizing recreational cannabis, already had a well-regulated medical system, so the state merged its systems. Colorado stores sell both medical and recreational cannabis, as will be the case in Washington.

On October 12, 2015, the LCB reopened the license period for retail stores to allow additional licenses to be issued to address the needs of the medical market. All applicants will be prioritized. At the top of the list to receive a retail license are CGs that were open before January 2013 and that applied to the LCB for an I-502 license but were not granted one in the first round of licensing. Second priority will be given to CGs. Third priority will be given to those who never submitted an application and are not currently operating CGs. Nothing in the statutes altered the authority of local governments to adopt and enforce zoning provisions relating to cannabis uses.

Retailers that are also endorsed for sales of medical cannabis must carry products that are identified by the Department of Health as beneficial to medical marijuana patients and comply with additional regulations adopted by the Department of Health and the LCB.

As noted above, the statutes regarding CGs were repealed by SSB 5052, effective July 1, 2016, because medical cannabis has been combined with recreational cannabis businesses. However, the new legislation also provides for LCB-certified “cooperatives” with a maximum of four patients or designated providers. Members of a cooperative may share responsibility for acquiring and supplying the resources needed to produce and process cannabis only for the medical use of members of the cooperative. Cannabis from a cooperative may not be sold, donated or otherwise provided to those not in the cooperative. In addition, there is a 60-day waiting period before a new member can join a cooperative after a patient ceases participation in the cooperative. The location of the cooperative must be the domicile of one of the participants and must be registered with the LCB. Cooperatives are only permitted if they are at least one mile away from a cannabis retailer. A cooperative with the maximum of four patients or designated providers may have a maximum of 60 plants and 72 ounces of useable cannabis.

Qualifying patients can choose to enroll in a state-maintained medical cannabis authorization database and obtain a “recognition card,” which authorizes them to purchase medical cannabis and participate in a medical cannabis cooperative. Enrolling in the database will provide increased protection from arrest if the qualifying patient or designated caregiver is in compliance with all of the laws and regulations regarding medical cannabis. Further, patients that do not sign up for the database are limited to

growing four plants and six ounces of useable cannabis, whereas those who sign up for the database may grow 15 plants.

### **House Bill 2136**

HB 2136 was delivered to and enacted by the Governor on June 30, 2015. This bill merged the medical and recreational cannabis systems into the oversight of the LCB.

Among other provisions, the legislation adds to provisions in SSB 5052 regarding CGs and cooperatives. Section 1001 amends some of the provisions contained in medical cannabis legislation that authorizes the establishment of “cooperatives” in place of CGs. This section establishes buffer zones within which cooperatives are not allowed and makes it clear that cities, towns, and counties may also prohibit cooperatives within their jurisdiction. This section will not be effective until July 1, 2016, to coincide with the effective date of the provisions in SB 5052 dealing with cooperatives.

Counties, cities, and towns are granted the authority to reduce the 1000-foot buffer zones required by I-502 (RCW 69.50.331(8)) around certain types of facilities within which licensed cannabis producers, processors, or retailers cannot be located. The buffer zones can be reduced to not less than 100 feet from recreation centers or facilities, child care centers, public parks, public transit centers, or game arcades admitting minors. This authority to adjust buffer distances does not apply to elementary or secondary schools or to playgrounds (Section 301(8)); cannabis businesses and cooperatives must always be at least 1,000 feet from these entities.

As well, HB 2136 authorizes a 37% excise tax which is imposed at the time of cannabis retail sale (Section 205), instead of there being an excise tax of 25% at each of the three different stages of market delivery (production, processing, and retailing). The excise tax is in addition to state and local sales tax. Additionally, cannabis tax revenues for local jurisdictions will be distributed based on retail sales and population. The bill provides a new direct distribution of cannabis revenues to cities of \$3 million per year this biennium (Shoreline’s portion is estimated to be \$50,000 for 2015-2017, or \$25,000 annually).

Licensed retail cannabis stores are also now allowed to have two signs instead of the previous limitation of one sign. Each must be no more than 1,600 square inches in size (Section 203(4)). Applicants for cannabis licenses must post a sign, provided by the LCB, on the outside of the premises sought to be licensed notifying the public that the premises are subject to an application for a cannabis license. The sign must be posted within seven days of submitting an application to the LCB (Section 801).

Cities, towns, and counties may adopt an ordinance requiring cannabis license applicants to provide individual notice of their application to any of the following that are located within 1,000 feet: elementary or secondary schools, recreation centers or facilities, child care centers, churches, agencies that operate public parks, transit centers, or libraries, and arcades admitting minors (Section 801). The notice must

contain contact information for submitting comments to the LCB. The local government can require that these notices be sent at least 60 days before the license is granted.

### **Federal Environment**

One important goal of the two pieces of legislation passed in 2015 is to meet the concerns of the federal government as expressed in the “Cole memo,” and to move toward an integrated cannabis industry in the state with uniform regulations and accountability (Attachment B). As a result of this legislation, there will be an increase in the number of licensed retail stores, and it is very likely that this increase will decrease the amount of unregulated and untaxed cannabis being sold in the state. As the cannabis industry matures there will be fluctuations in the supply and demand, but the retail price of licensed cannabis product should move lower and be more competitive with prices offered by illegal street dealers.

### **Medical and Recreational Cannabis in Shoreline**

Currently, there are six licensed collective gardens and two licensed recreational cannabis retailers in the City. A map of these cannabis entities can be found in Attachment C to this staff report.

### ***Recreational Cannabis***

Recreational retail locations are regulated and licensed by the LCB, while regulation and business licensing of CGs is left to Shoreline. However, since the state does not make its decisions based on zoning, the City will protest to the LCB if the location of a recreational cannabis facility does not meet our zoning regulations regarding the location of a producing, processing or retail land use.

In addition to the two recreational cannabis retailers noted above, in October, the City received notification that Far West Enterprise was granted a Cannabis Processor license to operate at 15015 Aurora Avenue N, Ste. 21. On May 20, 2015 the City sent the LCB a letter stating it did not object to the approval of the location but the operation requires a Special Use Permit. The Planning and Community Development Department is following up on this.

Additionally, just outside of Shoreline’s jurisdictional boundaries, a new retail cannabis store will be opening at 19258 15<sup>th</sup> Avenue NE in Lake Forest Park. The store is called the Kushery, and they passed final inspection on September 21. This store is located two parcels from Shoreline (just north of North City), so while it is in Lake Forest Park, Shoreline will likely make up some of its market.

### ***Collective Gardens***

Shoreline's existing CG regulations require that CGs be at least 1,000 ft. from schools and other CGs. CGs may only locate in commercial zones (NB, CB, and MB). Only one CG is allowed per tax parcel. Other City regulations have been established regarding the patient participation, signage and amounts of cannabis (Attachment D).

In March of this year, the City's Customer Response Team inspected all CGs in Shoreline for compliance with existing Shoreline Municipal Code requirements (Attachment D). Most CGs had various minor violations. Soon after the City conducted its inspections, the State Legislature began working toward clarifying regulations related to medical and recreational marijuana and no further action by the City was taken due to changes being made in marijuana legislation.

### **Enforcement**

Between mid-May and the end of June 2015, LCB investigative aides between 18 and 20 years old went into all recreational cannabis stores and either presented their true identification or none at all. Businesses cited for selling to minors face a 10-day suspension or \$2,500 fine. A second violation requires a 30-day suspension; a third strike could mean a lost license. Employees who sold cannabis to minors could face criminal charges. One of Shoreline's two recreational cannabis retailers sold cannabis to a minor (Attachment E). For reference, the compliance checks conducted by the state on cannabis retailers resulted in an 88 percent compliance rate. When the state has checked liquor sellers, between 85 and 92 percent have been in compliance.

On September 3, the City sent a letter to all CGs in Shoreline summarizing changes in state law regarding CGs and the City's plan to prorate the annual regulatory business license for the six-month period of January 1 through June 30, 2016 (Attachment F). Instead of the annual rate of \$637, CGs will be charged \$323.63 for the six-month license. Effective July 1, 2016, CGs will no longer be allowed by state law.

Sixty days prior to the June 30, 2016 deadline, the City intends to send to CGs still in operation another letter re-stating state guidelines and providing information on City actions and regulations should changes be made.

Finally, it should be noted that none of the City's existing CGs could turn into a cooperative as the location of the cooperative must be the domicile of one of the participants.

### **Future Potential Allocation of Cannabis Entities**

On October 12, 2015, the LCB began accepting new applications for retail licenses (Attachment G). The Board will not be limiting the number of licensed retail stores. The number of new licenses issued for processors, producers and retailers will be based on the need in the State for each. Over the coming months, the LCB will determine how much additional cannabis plant canopy (to be provided by producers) will be needed to provide for medical and recreational cannabis after the CGs cease operation, how many processors will be needed to accommodate that plant canopy, and how many additional retail stores will be needed to provide access to cannabis. Currently, there are no estimates available as to the additional number of producers, processors and/or retailers that may be allocated to Shoreline.

As discussed below, the City may enact legislation that limits the number of cannabis businesses in Shoreline.

### **Timeline and Important Dates**

There are a number of important dates for cities, businesses and the LCB in the enacted legislation, including:

Effective April 24, 2015:

- State creation of the secure, confidential medical cannabis authorization database (HB 5052 Section 21)
- An exemption for disclosure of database information is added to the public records act (HB 5052 Section 22)

Effective July 24, 2015:

- More detailed standards for the LCB when evaluating applications for cannabis licenses (HB 5052 Section 6)
- Authorization for the LCB to determine increased production capacity for medical cannabis and increased retail stores (HB 5052 Section 8)
- Requirement for recreational stores to obtain LCB endorsement if they intend to sell medical cannabis (HB 5052 Section 10).

Effective October 12, 2015:

- LCB began accepting new applications for retail licenses

Effective July 1, 2016:

- Detailed requirements for staff training at any retail store selling medical cannabis; training for entering information into confidential patient database (HB 5052 Section 12)
- Cooperatives may be formed by up to four medical cannabis patients or designated caregivers (HB 5052 Section 26)
- Repeals all provisions regarding what were known as “collective gardens” (HB 5052 Section 49)

### **DISCUSSION**

There are several ways in which the City may impact cannabis businesses and cooperatives in Shoreline. A number of policy questions and enforcement mechanisms may be implemented by the City.

### **Zoning and Prohibition**

As stated above, the City may prohibit production, processing and/or retail outlets and sales of cannabis in the city. Several cities in Washington prohibit all cannabis, even though it is legal in the state.

Further, the City could ban certain aspects of cannabis-related entities and control the number of each type of entity. For example, the City could allow cooperatives, but prohibit producers, allow five additional/new processors, and maintain its current allocation of two retailers within the City. It is important to note that the LCB will not be sending out Local Authority Notices to municipalities for cooperatives that have

registered with the Board. Legislative changes only call for the LCB to register cooperatives, not license them.

The City may limit cannabis entities to certain zones within the City. Currently, cannabis producers and processors are restricted to zones where light manufacturing is a permitted use (Attachment H). Cannabis retailers are permitted in commercial zones. Shoreline's Development Code permits general retail trade in all commercial zones (NB, CB, MB, TC-1, 2, 3).

As stated above, CGs may only locate in commercial zones - NB, CB, and MB. CGs, however, will be prohibited come July 1, 2016 and medical cannabis patients may form a cooperative (or purchase medical cannabis through retailers that have an endorsement for such). Again, however, cooperatives must be located in zones that permit residential dwellings as the location of the cooperative must be the domicile of one of the participants. Cooperatives cannot be relegated, for example, to industrial areas.

### **Buffer Zones**

The City may reduce the 1000-foot buffer zones required by I-502 (RCW 69.50.331(8)) around certain types of facilities within which licensed cannabis producers, processors, or retailers could not be located. The buffer zones can be reduced to not less than 100 feet from recreation centers or facilities, child care centers, public parks, public transit centers, or game arcades admitting minors. This authority to adjust buffer distances does not apply to elementary, secondary schools, or playgrounds (Section 301(8)); cannabis businesses and cooperatives must remain at least 1,000 feet from these entities.

As with constraining the number of each type of entity, the City could set buffer zones specific to certain aspects of cannabis-related entities. For example, the City could restrict cooperatives to 500-feet from protected facilities, but prohibit producers and the two retailers within the City would have to remain at least 900 feet from certain facilities. The City cannot adjust buffer zones around elementary or secondary schools or playgrounds; all cannabis related entities, including cooperatives, must be 1,000 feet from these facilities. The LCB is responsible for verifying applicant locations and their proximity to schools, playgrounds, recreation centers or facilities, etc. through third party sites. Licenses will be granted/denied by the LCB on this and other criteria.

Cooperatives have additional requirements of at least one mile from licensed retail stores and the location of the cooperative must be the domicile of one of the participants.

### **Individual Notice**

Cities, towns, and counties may adopt an ordinance requiring cannabis license applicants provide individual notice of their application to any of the following that are located within 1,000 feet: elementary or secondary schools, recreation centers or facilities, child care centers, churches, agencies that operate public parks, transit



centers, or libraries, and arcades admitting minors (Section 801). The notice must contain contact information for submitting comments to the LCB. The City can require that these notices be sent at least 60 days before the license is granted.

### **City Enforcement**

While the LCB will have the primary enforcement role, local governments can play a role in assisting with oversight and enforcement of cannabis entities (HB 5052, Section 26, subsection (7) and Section 27, subsection (3)). Specifically, the legislation states “Cities, towns, counties, and other municipalities may create and enforce civil penalties, including abatement procedures, for the producing or processing of marijuana and for keeping marijuana plants beyond or otherwise not in compliance with this section.” Summarily, the City may consider enforcement measures beyond that of ensuring compliance with zoning regulations. It is important to note that the LCB may only enforce state laws and cannot enforce local modifications or additions to state law. Local authorities will be responsible for enforcing their codes.

### **Amending Shoreline Municipal Code**

Assuming that the City of Shoreline’s local regulations are not more or less restrictive than state law, that all laws are fully enforced once in effect, and that Shoreline allows the changes and transitions in cannabis regulation to move forward consistent with state law, changes to existing Shoreline Municipal Code may include repealing in its entirety or amending the following sections to reflect state law:

- SMC 3.01: Fee schedules
- SMC 5.07.740-755: Article VIII: Collective Gardens
- SMC 20.40.130: Nonresidential Uses Table
- SMC 20.40.275: Collective Gardens

### **Council Policy Questions**

Considering the various ways in which the City may impact cannabis businesses and cooperatives in Shoreline, staff is interested in receiving direction from Council on the following policy questions:

- Should additional recreational cannabis processors, producers and retailers be allowed in the City? If allowed, should the number of any of these additional entities be capped?
- Should cannabis cooperatives be allowed in Shoreline? If allowed, should the number of cooperatives be capped?
- Is the Council interested in allowing cannabis businesses and cooperatives to operate less than the current 1,000 foot requirement from recreation centers or facilities, child care centers, public parks, public transit centers, libraries, or any game arcades where admission is not restricted to persons age twenty-one or older? *(This authority to adjust buffer distances does not apply to elementary or secondary schools or to playgrounds; cannabis businesses and cooperatives must be at least 1,000 feet from these entities.)*

- Should individual notice to special facilities such as schools, playgrounds, etc. be required of cannabis license applicants?

### **FINANCIAL IMPACT**

A number of regulatory options and policy decisions are available to the City, each carrying their own potential cost and benefit. Given that this item has been scheduled for introductory discussion, the resource/financial analysis for any specific regulatory option has not been conducted.

### **RECOMMENDATION**

Staff recommends that Council discuss the regulatory options and policy decisions available to the City and determine if there is additional information needed for consideration.

### **ATTACHMENTS**

- Attachment A – Governor Inslee letter to the Washington State Senate: Section Vetoes to SB 5052
- Attachment B – Deputy Attorney General James letter to US Attorneys: Guidance Regarding Cannabis Enforcement
- Attachment C – Existing Collective Gardens, Cannabis Processors and Retail Establishments in Shoreline
- Attachment D – City of Shoreline Collective Garden Compliance Checklist
- Attachment E – Liquor and Cannabis Board Cannabis Compliance Check Summary
- Attachment F – City of Shoreline letter to Collective Gardens
- Attachment G – Liquor and Cannabis Board letter to Jurisdictions (September 23, 2015)
- Attachment H – City of Shoreline Administrative Order #302050 072015: Cannabis packaging and edibles zones



STATE OF WASHINGTON  
OFFICE OF THE GOVERNOR

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April 24, 2015

To the Honorable President and Members,  
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to Sections 36, 42, 43, 44, 45, 46, and 52, Second Substitute Senate Bill No. 5052 entitled:

“AN ACT Relating to establishing the cannabis patient protection act.”

After tremendous deliberation, compromise and hard work from our outstanding bipartisan sponsors and co-sponsors, committee chairs and ranking members from both houses, we have a measure that will create a medical marijuana system that works for our state.

I am committed to ensuring a system that serves patients well and makes medicine available in a safe and accessible manner, just like we would do for any medicine. That’s what this bill strives to provide. It will help families of patients in real need.

As significant an accomplishment as this bill is for our state — and for patients to be ensured of having a safe place to get medicine they need — I know some remain concerned. These perspectives are important and compelling. I recognize the solution is not perfect. However, I do think this is far better than today’s wholly unregulated system.

We will have options for patients and a system of strong enforcement to ensure public safety, especially for children. It is a good thing that this bill allows immediate enforcement of dispensaries to ensure they are not selling marijuana to kids.

I want to be clear that I am committed to implementing this law effectively by ensuring cooperatives are safe for patients in need, not sources of illicit diversion in our communities. To this end, I have directed the Liquor Control Board to work with the Attorney General’s Office and local law enforcement to consider all options to ensure patient and public safety.

I also want to reassure you that the Department of Health will create an authorization form that will continue to honor the doctor-patient relationship.

While this bill takes a tremendous step forward, a large volume remains of unfinished work on marijuana tax policy, enforcement, local revenue sharing and funding for public health prevention programs. I strongly support efforts to address these items — and call on legislators to finish the job and provide the tools necessary to ensure a well-regulated and functioning marijuana market in our state.

I am vetoing the following sections:

Section 36. This section prohibits employers of health care providers from limiting medical marijuana recommendations to patients. This is an employment law provision that may cause confusion and potential unintended consequences. This section was added without adequate input. The sponsors of this legislation have also requested this provision be vetoed to allow time for further discussion to develop appropriate policy.

Sections 42 and 43. These sections remove from Schedule I of our state's Controlled Substances Act any medical marijuana product. This is a laudable idea and I appreciate the intent to reduce the stigma of medical marijuana by rescheduling it from a Schedule I — an illegal — controlled substance to something more appropriate. However, our state's rescheduling system has very limited effect, and rescheduling just medicinal marijuana — not the entire cannabis plant and derivatives — may cause serious problems such as having the unintended effect of limiting the types of marijuana that are considered medicine. To that end, I have instructed the Department of Health to thoroughly consider this idea in consultation with medical professionals and stakeholders, and bring an appropriate resolution to me and the Legislature by next year. Furthermore, I will continue to advocate for the federal government to consider a national rescheduling solution, which may be most beneficial, considering the limited power that state rescheduling has in this respect.

Sections 44, 45 and 46. These sections create new felonies in our criminal code. Washington state does not need additional criminal penalties related to medical marijuana. Moreover, these sections were added as part of the same amendment that created sections 42 and 43 that would have rescheduled medical marijuana. Because I have vetoed sections 42 and 43, sections 44, 45, and 46 are also unnecessary.

Section 52. This section makes Senate Bill 5052 contingent on the enactment of some version of House Bill 2136 by October 1, 2015. This contingent effective date causes confusion and potentially conflicts with other effective dates in Senate Bill 5052. In addition, if the Legislature is unable to pass a version of House Bill 2136, the Code Reviser's Office has advised me that this provision acts as a null and void clause, in which case we risk jeopardizing the integrity of the system created in this bill. I strongly agree with the need for additional policy and administrative changes to ensure a well-regulated and functioning marijuana market. However, this bill should not be made contingent on those changes.

For these reasons I have vetoed Sections 36, 42, 43, 44, 45, 46, and 52 of Second Substitute Senate Bill No. 5052.

With the exception of Sections 36, 42, 43, 44, 45, 46, and 52, Second Substitute Senate Bill No. 5052 is approved.

Respectfully submitted,



Jay Inslee  
Governor



U.S. Department of Justice


Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

August 29, 2013

MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: James M. Cole   
Deputy Attorney General

SUBJECT: Guidance Regarding Marijuana Enforcement

In October 2009 and June 2011, the Department issued guidance to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). This memorandum updates that guidance in light of state ballot initiatives that legalize under state law the possession of small amounts of marijuana and provide for the regulation of marijuana production, processing, and sale. The guidance set forth herein applies to all federal enforcement activity, including civil enforcement and criminal investigations and prosecutions, concerning marijuana in all states.

As the Department noted in its previous guidance, Congress has determined that marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. The Department of Justice is committed to enforcement of the CSA consistent with those determinations. The Department is also committed to using its limited investigative and prosecutorial resources to address the most significant threats in the most effective, consistent, and rational way. In furtherance of those objectives, as several states enacted laws relating to the use of marijuana for medical purposes, the Department in recent years has focused its efforts on certain enforcement priorities that are particularly important to the federal government:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

These priorities will continue to guide the Department's enforcement of the CSA against marijuana-related conduct. Thus, this memorandum serves as guidance to Department attorneys and law enforcement to focus their enforcement resources and efforts, including prosecution, on persons or organizations whose conduct interferes with any one or more of these priorities, regardless of state law.<sup>1</sup>

Outside of these enforcement priorities, the federal government has traditionally relied on states and local law enforcement agencies to address marijuana activity through enforcement of their own narcotics laws. For example, the Department of Justice has not historically devoted resources to prosecuting individuals whose conduct is limited to possession of small amounts of marijuana for personal use on private property. Instead, the Department has left such lower-level or localized activity to state and local authorities and has stepped in to enforce the CSA only when the use, possession, cultivation, or distribution of marijuana has threatened to cause one of the harms identified above.

The enactment of state laws that endeavor to authorize marijuana production, distribution, and possession by establishing a regulatory scheme for these purposes affects this traditional joint federal-state approach to narcotics enforcement. The Department's guidance in this memorandum rests on its expectation that states and local governments that have enacted laws authorizing marijuana-related conduct will implement strong and effective regulatory and enforcement systems that will address the threat those state laws could pose to public safety, public health, and other law enforcement interests. A system adequate to that task must not only contain robust controls and procedures on paper; it must also be effective in practice. Jurisdictions that have implemented systems that provide for regulation of marijuana activity

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<sup>1</sup> These enforcement priorities are listed in general terms; each encompasses a variety of conduct that may merit civil or criminal enforcement of the CSA. By way of example only, the Department's interest in preventing the distribution of marijuana to minors would call for enforcement not just when an individual or entity sells or transfers marijuana to a minor, but also when marijuana trafficking takes place near an area associated with minors; when marijuana or marijuana-infused products are marketed in a manner to appeal to minors; or when marijuana is being diverted, directly or indirectly, and purposefully or otherwise, to minors.



must provide the necessary resources and demonstrate the willingness to enforce their laws and regulations in a manner that ensures they do not undermine federal enforcement priorities.

In jurisdictions that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of marijuana, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities set forth above. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of marijuana outside of the regulated system and to other states, prohibiting access to marijuana by minors, and replacing an illicit marijuana trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing marijuana-related activity. If state enforcement efforts are not sufficiently robust to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

The Department's previous memoranda specifically addressed the exercise of prosecutorial discretion in states with laws authorizing marijuana cultivation and distribution for medical use. In those contexts, the Department advised that it likely was not an efficient use of federal resources to focus enforcement efforts on seriously ill individuals, or on their individual caregivers. In doing so, the previous guidance drew a distinction between the seriously ill and their caregivers, on the one hand, and large-scale, for-profit commercial enterprises, on the other, and advised that the latter continued to be appropriate targets for federal enforcement and prosecution. In drawing this distinction, the Department relied on the common-sense judgment that the size of a marijuana operation was a reasonable proxy for assessing whether marijuana trafficking implicates the federal enforcement priorities set forth above.

As explained above, however, both the existence of a strong and effective state regulatory system, and an operation's compliance with such a system, may allay the threat that an operation's size poses to federal enforcement interests. Accordingly, in exercising prosecutorial discretion, prosecutors should not consider the size or commercial nature of a marijuana operation alone as a proxy for assessing whether marijuana trafficking implicates the Department's enforcement priorities listed above. Rather, prosecutors should continue to review marijuana cases on a case-by-case basis and weigh all available information and evidence, including, but not limited to, whether the operation is demonstrably in compliance with a strong and effective state regulatory system. A marijuana operation's large scale or for-profit nature may be a relevant consideration for assessing the extent to which it undermines a particular federal enforcement priority. The primary question in all cases – and in all jurisdictions – should be whether the conduct at issue implicates one or more of the enforcement priorities listed above.

As with the Department's previous statements on this subject, this memorandum is intended solely as a guide to the exercise of investigative and prosecutorial discretion. This memorandum does not alter in any way the Department's authority to enforce federal law, including federal laws relating to marijuana, regardless of state law. Neither the guidance herein nor any state or local law provides a legal defense to a violation of federal law, including any civil or criminal violation of the CSA. Even in jurisdictions with strong and effective regulatory systems, evidence that particular conduct threatens federal priorities will subject that person or entity to federal enforcement action, based on the circumstances. This memorandum is not intended to, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable at law by any party in any matter civil or criminal. It applies prospectively to the exercise of prosecutorial discretion in future cases and does not provide defendants or subjects of enforcement action with a basis for reconsideration of any pending civil action or criminal prosecution. Finally, nothing herein precludes investigation or prosecution, even in the absence of any one of the factors listed above, in particular circumstances where investigation and prosecution otherwise serves an important federal interest.

cc: Mythili Raman  
Acting Assistant Attorney General, Criminal Division

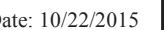
Loretta E. Lynch  
United States Attorney  
Eastern District of New York  
Chair, Attorney General's Advisory Committee

Michele M. Leonhart  
Administrator  
Drug Enforcement Administration

H. Marshall Jarrett  
Director  
Executive Office for United States Attorneys

Ronald T. Hosko  
Assistant Director  
Criminal Investigative Division  
Federal Bureau of Investigation





**Collective Garden:** \_\_\_\_\_

**Primary Address:** \_\_\_\_\_

<b>SMC 5.07 Article III Collective Gardens Regulations</b>	<b>Yes</b>	<b>No</b>	<b>Comment</b>
Does organization have a current Collective Garden Regulatory Business License retained on-site for inspection?			
Does the collective garden grow, store, process, transport, and distribute medical cannabis to its qualified patients all from this location?			
If no, what are the addresses of other locations (inside and outside of Shoreline) used to grow, store, process, transport and distribute medical cannabis to qualified patients?			
Are all persons, including the licensee, who receive wages, fees, donations or compensation of any kind for performing collective garden activities: 1. A qualified patient or designated provider of a garden patient (ask for, and inspect operator's license); 2. At least 18 years of age			
Does this collective garden have no more than 15 plants per patient up to a total of 45 plants?			# Patients ____ x 15 = ____
Does this collective garden have no more than 24 ounces of useable cannabis per patient up to a total of 72 ounces of useable cannabis;			# Patients ____ x 24 oz = ____
Are there no more than 10 qualifying patients participating in this collective garden at any time?			
Are copies of each qualifying patient's valid documentation and proof of identity available at all times at the primary location?			
Is cannabis only being delivered to the qualifying patient participating in the collective garden or that patient's designated provider?			
Are representations of cannabis plants used in signage or advertising?			
Are cannabis or cannabis plants open to public view (i.e. from outside of the storefront) or within areas of the location(s) open to the public?			
Can odors be detected by smell from 25 feet away from the location?			
Is signage posted regarding the prohibition of minors from the collective garden's location(s)?			
Is signage posted regarding the prohibition of consumption of cannabis, products containing cannabis or alcohol at the collective garden's location(s)?			
Is this location closed to the distribution of cannabis between the hours of 10:00 p.m. and 7:00 a.m.?			

**Review performed by:** \_\_\_\_\_

**Date of Review:** \_\_\_\_\_

*Please return completed form to City Clerk's Office.*

### **5.07.750 License required – Requirements for operators.**

A. It is unlawful to conduct, operate or maintain a collective garden unless such premises has a current collective garden license obtained in the manner prescribed in this chapter. "Premises" includes all locations used by a collective garden to grow, store, process, transport, or distribute medical cannabis to its qualified patients. No more than one collective garden license may be issued for a tax parcel.

B. License applicants and all persons who receive wages, fees, donations or compensation of any kind for performing collective garden activities ("operators") shall meet the following requirements:

1. Must be a qualified patient or designated provider of a garden patient and must submit valid documentation, or written designation by a qualified patient with that patient's valid documentation and proof of identification deemed acceptable by the clerk.
2. Must be at least 18 years of age.
3. May have no felony convictions of state or federal laws within the 10 years preceding date of application.
4. May not be a member of any other collective garden within the state of Washington. [Ord. 625 § 3, 2012]

### **5.07.755 Premises requirements.**

Collective garden premises must operate in compliance with the following conditions:

A. All premises or vehicles used or operated by the collective garden shall have no greater aggregate quantities of cannabis, cannabis plants or cannabis-containing products than are allowed under RCW 69.51A.085.

B. No more than 10 qualifying patients may participate in a single collective garden at any time. A copy of each qualifying patient's valid documentation and proof of identity must be available at all times on the premises.

C. No cannabis may be delivered to anyone other than a qualifying patient participating in the collective garden or that patient's designated provider.

D. No cannabis, cannabis plants or representations of cannabis plants shall be used in signage, advertising or visible to public view or in areas of the premises open to the public.

E. Areas where cannabis is grown, stored or dispensed must be provided with ventilation systems so that no odors are detectable off the premises.

F. No minors shall be permitted on any collective garden premises unless accompanied by a parent or guardian.

G. Consumption of cannabis, products containing cannabis or alcohol on the premises is prohibited.

H. The premises shall be closed to any distribution of cannabis between the hours of 10:00 p.m. and 7:00 a.m. [Ord. 625 § 3, 2012]

### **RCW 69.50 Uniformed Controlled Substance Act**

Defines "useable marijuana" to be dried marijuana flowers and the term does not include "marijuana infused products or marijuana concentrates."



## **Marijuana Compliance Checks: 19 of 157 recreational marijuana stores sell to minors**

OLYMPIA – In the first complete round of compliance checks of retail marijuana retail stores, 19 Washington recreational retail marijuana businesses sold marijuana to an underage investigative aide. Washington State Liquor Control Board (WSLCB) enforcement officers working with underage investigative aides, checked each retail marijuana business for sales of marijuana to minors. The checks essentially represent an 88 percent no-sales-to-minors compliance rate.

“Our goal is 100 percent compliance,” said WSLB Board Chair Jane Rushford. “While perfect compliance is always a challenging goal, it is clearly in everyone’s interest that our licensees be vigilant about preventing underage sales.”

The 19 businesses will be cited for selling marijuana to minors. The individuals who sold the marijuana will be referred to their respective prosecuting attorney’s office for potential criminal prosecution.

### **First Marijuana Compliance Checks**

The WSLCB and local authorities regularly conduct compliance checks of area businesses licensed to sell alcohol and marijuana. The checks, conducted at every open marijuana retailer across the state (157 locations) from mid-May until the end of June, were the first marijuana compliance checks. Stores were considered open if it had reported sales. The checks followed earlier communications to all licensees that enforcement officers were beginning compliance checks and recommended best practices for avoiding an illegal sale.

Compliance checks are proven tools to reduce the sale of age-restricted products to minors. Investigative aides assist officers with compliance checks. These individuals are from 18 to 20 years old. They must either present their true identification or none at all if asked by a clerk.

### **Administrative Penalties**

Liquor enforcement officers are empowered to issue Administrative Violation Notices to businesses that fail compliance checks. Fines or temporary license suspensions can be issued depending on the severity of the infraction or the frequency with which a business has been cited. Sales to minors are considered the most serious violations because they present a threat to public safety. Businesses cited for Sale to a Minor face a 10-day suspension or \$2,500 fine. A second violation within three years requires a 30-day suspension with no monetary option. Businesses who receive three public safety violations within three years face license cancellation.

### **Businesses that sold marijuana to a minor\***

1. Green City Collective, 13601 Highway 99 STE B (Everett)
2. Purple Haze, 4218 Rucker Ave (Everett)
3. Emerald Leaves, 2702 6th Ave (Tacoma)
4. Mary Mart, 3005 6th Ave STE B (Tacoma)
5. Dockside Cannabis, 15001 Aurora Ave N (Shoreline)
6. Evergreen Cannabis, 922 Peace Portal Dr. (Blaine)
7. Cannablyss, 2705 Hartford Dr. STE A (Lake Stevens)
8. Cascade Kropz, 19129 Smokey Point Blvd STE B (Arlington)
9. Clear Choice Cannabis, 8001 S Hosmer St (Tacoma)
10. Royal's Cannabis, 7115 N Division St STE A (Spokane)
11. Token Herb, 837 A Crescent Beach Rd (Eastsound)

12. Sweet Greens Northwest, 19943 Old Hwy 99 SW (Rochester)
13. Green Lady, 3044 Pacific Ave SE STE B (Olympia)
14. TJ's Cannabis Buds, Edibles, Oils & More, 1428 Olympic Hwy S (Shelton)
15. 4us Retail, 23251 Hwy 20 (Okanogan)
16. Purple Haze, 4218 Rucker Ave (Everett)\*\*
17. Bud Hut, 11603 Hwy 99 (Everett)
18. Theorem, 6323 NE Bothel Way (Kenmore)
19. American Mary, 321 NE 45th St (Seattle)

All businesses that passed their compliance checks and did not sell marijuana to a minor can be found [here](#).\*

*The WSLCB mission is to promote public safety and trust through fair administration and enforcement of liquor, tobacco and marijuana laws. Per 2015 legislation, on July 24, 2015, the agency will change its name to the Liquor and Cannabis Board. It will retain the WSLCB acronym.*

\* City-listed addresses may fall within its county's jurisdiction.

\*\* Sold marijuana to an underage investigative aide on two occasions



*City of Shoreline*

17500 Midvale Avenue North  
Shoreline, WA 98133-4905  
(206) 801-2700 ♦ Fax (206) 801-2873

September X, 2015

[Business Name]  
[Address Line 1]  
[Address Line 2]

Your business is licensed as a collective garden under Shoreline Municipal Code (SMC) 5.07 Article VIII. This letter is to inform you of recent changes in Washington State law regarding collective gardens.

Earlier this year, the Washington State Legislature passed legislation regarding collective gardens. Senate Bill 5052, as signed by Governor Inslee, repealed code provisions authorizing collective gardens. Effective July 1, 2016, collective gardens as they currently exist will no longer be allowed by state law. The City of Shoreline will therefore not be issuing regulatory business licenses for collective gardens to operate past June 30, 2016. Since the City's regulatory business licenses are issued on a calendar year basis, the City anticipates that it would process a license for a six month period and prorate the annual cost for the six months. The City will notify you as soon as possible if there is a change in this policy.

Alternatively, four-member cooperatives are permitted under state law. Marijuana grown at a cooperative is only for the medical use of its members and may not be sold or donated to any other person. For more information on cooperatives, please contact the Washington State Liquor and Cannabis Board at (360) 664-1600 or [www.lcb.wa.gov](http://www.lcb.wa.gov).

For more information on City of Shoreline business licenses, please contact the City Clerk's Office at (206) 801-2230 or via email at [clk@shorelinewa.gov](mailto:clk@shorelinewa.gov).

Sincerely,

Jessica Simulcik Smith  
City Clerk

cc: Shoreline Mayor and Councilmembers  
Debbie Tarry, City Manager  
Shawn Ledford, Shoreline Police Chief  
Rob Beem, Community Services Manager  
Randy Olin, Customer Response Team Supervisor



## Washington State Liquor and Cannabis Board

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September 23, 2015

Attention: Local Authority

RE: Senate Bill 5052 and House Bill 2136

As you know, Senate Bill 5052 tasked the Washington State Liquor and Cannabis Board (WSLCB) to reopen licensing for retail marijuana businesses. The WSLCB will begin accepting new applications for retail licenses October 12, 2015. At this time, the Board will not be limiting the number of licensed retail stores; however we may consider limits in the future. We understand that some of your member cities may be concerned about density and other issues related to the number of potential retail marijuana licensees. Local authorities may choose to make rules or ordinances to address these concerns. We encourage cities and counties who are planning to make rules or ordinances' regarding retail marijuana stores to do so before the WSLCB begins processing applications in October so that entities who are applying for licenses are clear about what the rules are in their area before they apply.

House Bill 2136 allows local authorities to permit the licensing of premises within 1,000 feet but not less than one hundred feet of a restricted entity by enacting an ordinance authorizing such distance reduction. Cities may now choose to adopt buffer zones that are less than one thousand feet from places like parks, transit centers, and childcare facilities. House Bill 2136 provides the following caveats:

- Elementary/secondary schools and playgrounds must remain 1000 feet from licensed premises.
- City and county distance reductions cannot negatively impact the jurisdiction's civil regulatory enforcement, criminal law enforcement interests, public safety, or public health.
- A local authority ordinance permitting the licensing of a location within 1,000 feet of a restricted entity may require the applicant to notify the restricted entity the applicant's intent to open.

As we begin accepting new applications, the WSLCB will be reaching out to local authorities to confirm if they have made any changes to the buffer zones in their areas.

For more information about SB 5052 and HB 2136, please see the attached fact sheets.

Thank you for your continued partnership with the WSLCB as we begin this new chapter in legalized marijuana.

Sincerely,

Becky Smith  
Director of Licensing and Regulation





## *Planning & Community Development.*

17500 Midvale Avenue North  
Shoreline, WA 98133-4905  
(206) 801-2500 ♦ Fax (206) 801-2788

# **ADMINISTRATIVE ORDER# 302050 072015**

## **SITE – SPECIFIC DETERMINATION**

**CODE SECTIONS: 20.40.110 Use Tables; 20.40.130 Nonresidential Uses, 20.40.570, Unlisted Use**

**I. ISSUE:** Whether marijuana packaging and marijuana edibles preparation is allowed as a warehouse/wholesale trade permitted use in the Mixed Business zone (MB) or, in the alternative, whether this type of activity is considered light manufacturing subject to the approval of a Special Use Permit?

## **II. FINDINGS:**

### **Site**

- Location: 15021 Aurora Ave N, APN 9310300075
- Zone: MB, Mixed Business
- Current Use on Site: The site is a strip mall with various retail and other commercial uses, including a recreational cannabis retail shop.
- Surrounding Zoning and Land Use: To the north, south and east is MB zoning and commercial land uses. To the west is the Interurban Trail; beyond is R-4, Residential, single-family zoning and land use.

### **Proposed Use Description**

According to the June 20, 2015 Code Interpretation request, the applicant contends that warehousing/wholesale trade is the appropriate land use category. The applicant states that the space will be used “as a shipping and receiving depot that sells [marijuana] wholesale” to retail outlets and, itself, will not be accessible to the public. Specifically, the applicant denotes the business a “the packaging of dried agricultural product (cannabis) and the development of a commercial kitchen to produce and package edible cannabis products for sale to 1502 retail outlets” and “the facility will be used as a product packaging and distribution warehouse.” The applicant sought a processor’s license from the Washington State Liquor Control Board (LCB). Documentation presented to the Washington State Liquor Control Board states that the



processing activity would include the trimming and weighing of marijuana flowers and the packaging of that product by heat-sealing in clear mylar bags. A second processing activity would include the grinding of flowers, weighing, and rolling the ground flowers into joints prior to packaging in plastic and cardboard tubes. While the floor plan did include a "future kitchen," there is nothing in the LCB documents that indicate the processing of edible products. A copy of the LCB documentation is attached.

### **Applicable Code**

- **Revised Code of Washington (RCW) 69.50**

Recreational marijuana processing is subject to RCW 69.50. As stated in RCW 69.50.101(v), a marijuana processor is licensed by the State Liquor Control Board to process marijuana into useable marijuana and marijuana-infused products, package and label these products for sale at retail outlets, and sell these products at wholesale to marijuana retailers. The terms useable marijuana and marijuana-infused products are defined in RCW 69.50.101.

- **Shoreline Municipal Code (SMC), Title 20**

The SMC classifies the MB zone as a non-residential zoning district that is intended to encourage the development of vertical and/or horizontal mixed-use buildings or development along the Aurora Avenue and Ballinger Way corridors. The production of useable marijuana and marijuana-infused products, as those terms are defined in RCW 69.50.101, is not specifically listed in SMC 20.40.130 Non-Residential Use Table. However, the use table does list warehousing/wholesale trade as permitted outright in the MB zone with light manufacturing permitted subject to the approval of a special use permit.

In the SMC Section 20.40.110.G, it is explained that broad classifications are generally listed in the use table but other uses are identified with a referenced North American Industrial Classification System (NAICS) number. This system classifies land uses by categories and provides sub-classification for more detailed associated uses.

Wholesale Trade falls under NAICS Sector 42. NAICS Sector 42 defines Wholesale Trade as establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The NAICS goes on to state that the wholesaling process is an intermediate step in the distribution of merchandise; wholesalers sell merchandise to other businesses and normally operate from a warehouse; are not intended to solicit walk-in traffic; and their goods are generally sold without transformation, but may include integral functions such sorting, packaging, labeling, and other market services.

Warehousing falls under NAIC Section 493. NAICS Sector 493 describes warehousing as industries primarily engaged in operating warehousing and storage facilities for general merchandise. These establishments take responsibility for storing the goods and keeping them secure. They may also provide a range of services related to the distribution of goods, including labeling, breaking bulk, inventory control, light assembly, order fulfillment, packaging and transportation. Warehouses do not sell the goods they handle.

Manufacturing falls under NAICS Sectors 31-33. NAICS Section 31-33 describes these establishments as ones engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Establishments in the manufacturing section are often described as plants and can include those that use machines in the manufacturing process or manufacture by hand. The transformation of agricultural products into food products for intermediate or final consumption are included within Section 311 with Section 3118 pertaining to bakeries and 3119 other types of perishable food manufacturing. Sector 3122, Tobacco Manufacturing, includes the stemming and re-drying of tobacco and the manufacturing of cigarettes.

While SMC 20.40.110(G) states that use not identified in the table shall be analyzed through a code interpretation applying the criteria from Unlisted Use found in the Index of Supplement Use Criteria, SMC 20.40.570, the proposed activity conforms with NAICS Sectors 31-33 Manufacturing.

### III. CONCLUSIONS

The proposed activity described by the applicant in the June 10 letter and in documentation to the LCB, although it includes components of wholesale trade and warehousing, must be considered light manufacturing. The activity will transform a raw, bulk product into usable marijuana – in a packaged form, in rolled joints, and possibly in cooked, edible products. Contrary to the applicant's assertion that manufacturing under the NAICS does not include working with agricultural products or food items, Section 31-33 specifically addresses a range of food, bakery, and tobacco products, similar to what the applicant proposes within its facility. Therefore, the primary activity is the creation of a value-added product for distribution to the retail market. The wholesale trade and warehousing aspect of the activity is entirely dependent on the manufacturing. Wholesaling and warehousing are accessory and/or ancillary to the primary activity.

### IV. DECISION:

The use, as described in the application materials is classified as light manufacturing and may only be located at the specified address with the approval of a Special Use Permit. Appropriate building permits are also required for tenant improvements.

  
\_\_\_\_\_  
Director's Signature

7/20/15  
Date

Attachments: Business plan, includes floor plan





# Washington State Liquor Control Board

License Number 419496  
 UBI Number 6033546850010003  
 Trade Name FAR WEST ENTERPRISE

**COPY**

## Entity Business Structure

<b>A Entity Information</b>			
Name of Entity Far West Enterprise LLC		Telephone number 206-673-1984	
Entity mailing address <i>Street or route, PO box, city, state, zip code</i> 329 NW 48th st Seattle WA 98107			
Entity Type LLC	Date of formation 12/4/2013	State of formation WA	
<b>B Individuals making up Entity Business Structure/Title</b>			
Name	Date of Birth	Title	%
Lenny wolford	10/02/70		100
Spouse			
Spouse			
Spouse			
Spouse			
Spouse			
Spouse			
Spouse			
Additional sheets utilizing the same format may be attached if necessary. The total of "% of shares" must equal 100%.			Total 100.00

<b>C Certification</b>	
The undersigned hereby certifies to the Washington State Liquor Control Board that the above information is accurate and complete. Misrepresentation of this information is cause for denial of the license applied for.	
Print name Lenny wolford	Title Owner
Signature X	Date

Continuation Sheet Attached? YES X NO

PO Box 43098, 3000 Pacific Ave. SE, Olympia WA 98504-3098, (360) 664-1600, www.liq.wa.gov



Washington State  
Liquor Control Board

License Number 419496  
UBI Number 6033546850010003  
Trade Name FAR WEST ENTERPRISE

## Operating Plan Required Elements – Processor

Submission of an operating plan that demonstrates the applicant is qualified to hold the marijuana license applied for is required as part of the application process listed in Washington Administrative Code (WAC) 314-55-020. This operating plan must include a floor plan and/or site plan which illustrates the entire operation being proposed.(WAC 314.55.020(9))

**Please describe how your operating plan complies with the requirements listed in the WACs indicated below. Additional sheets may be attached if necessary.**

### 1. SECURITY (WAC 314-55-083)

a. Will all employees wear an identification badge?

- ☒ YES  
☐ NO

b. Does your location have a security alarm system on all perimeter doors and windows?

- ☒ YES  
☐ NO

c. Does your video surveillance system and recording device meet the following requirements?

YES NO

- |                                     |                          |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Minimum camera resolution of 640 x 470  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Internet protocol (IP) compatible   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Recorded images clearly and accurately display the time and date  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Surveillance system storage device is secured on-site   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Camera recordings must be continuously recorded twenty-four hours a day   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Surveillance recordings must be kept for a minimum of forty-five days   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | System includes image acquisition, video recording, management and monitoring hardware and support systems  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Camera placement allows for the clear and certain identification of any individual or activity on the licensed premises including all areas where marijuana is grown, cured or manufactured |

UBI Number

6033546850010003

- d. Additional description of surveillance system (how storage device is secured, vendors used, etc.):

Security hard drive will be contained in a locked and secured lockbox on site. WA Alarm will service the alarms and monitoring of the security system.

## 2. TRACEABILITY (WAC 314-55-083(4))

- a. Will you use a third party vendor for your traceability software?

☒ YES

☐ NO

If you selected YES, please list the name of the vendor/software:

Weed TraQr

If you selected NO, please describe how you will comply with traceability requirements:

- b. Is the system listed above compatible with the LCB's traceability system?

☒ YES

☐ NO

## 3. QUALIFICATIONS AND TRAINING PLAN FOR EMPLOYEES (WAC 314.55.020(9))

- a. Please describe the type of training you will provide to employees to include topics you will cover:

All employees will be given strict guidance on all state laws and LCB requirements for compliance.

Employees will be trained on state workplace safety.

Additional security concerns will be addressed around the nature of this industry.

General knowledge around processing cannabis will be explained.

b. Description of team/staff members related experience:

Lenny Wolford, Director and Grow Master. Eight years of greenhouse experience. Four years of working in the medical cannabis field both in cultivation and retail.  
Pete Chramiac, general construction and small business owner experience.

**4. TRANSPORTATION OF PRODUCT (WAC 314.55.085)**

a. Describe how you will prepare product for transport (packaging, sealed transport containers, manifest, etc.):

All product will be transported to the processing facility in vacuum sealed packaging with appropriate tracking identification for transport.

All packages will be placed on current manifest to notify the LCB of the type and amount of product being transported, the name of the transporter, information about the transporting vehicle, times of departure and expected delivery.

A printed transport manifest will be with product at all times.

All product will be transported in a locked compartment secured within the vehicle.

b. Describe how your vehicle will meet storage compartment requirements:

A commercial lock box will be mounted into both vehicles the company plans on using for transport.

**5. DESTRUCTION OF WASTE PRODUCT (WAC 314-55-097)**

- a. Where will non-dangerous solid and liquid waste be stored prior to destruction and how will it be managed and secured?

All plant waste will be ground, composted and mixed with food waste and soil into worm bins, after giving the LCB 72 hours notice of intent to render.

- b. Do you anticipate any dangerous waste? If so, how will that be stored, managed and disposed of?

No dangerous waste will be produced.

- c. How will you render non-dangerous waste unusable and what materials will you mix it with to achieve the required 50% non-marijuana waste by volume?

All unusable plant waste will be ground in a large food processor and composted with food waste. If necessary, we will add additional materials, such as leaf litter, bark and/or soil to achieve the intended volume per LCB rules.



- d. Where will solid and liquid waste be taken after it has been rendered unusable?  
we believe the vast majority of solid waste will be composted and recycled into the ongoing soil building compost project for the production side. If excess waste is produced beyond what we can use it for, it will be delivered to a permitted solid waste facility for final disposition. A record of the final destination will be kept.

## 6. DESCRIPTION OF OPERATION AND PREMISE

### a. Standardized Scale

Please acknowledge that you will meet the requirements listed below:

YES NO

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Licensees are required to have at least one scale on the licensed premise for the traceability and inventory of products.  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The scale(s) used must have a National Type Evaluation Program (NTEP) Certificate of Conformance (COC). If a scale meets this requirement it should have an ID name plate on it with the COC number. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Licensees must register their scale(s) on a business license application with Business Licensing Services through the Department.  |

### b. Processing Operation

1. List the types of finished products that will be created on your licensed premise (such as useable marijuana, infused products and edibles):  
usable marijuana in the form of packaged flower and pre-rolled joints.

2. Describe the processing methods you will use to create the items listed above:

Packaged flowers - processing would simply be to trim, weigh, package and seal the flower.

Pre-rolled joints - processing will consist of grinding the flower, weighing, rolling, packaging and sealing the joints.

3. Describe the extraction equipment you will use and how it will be compliant with requirements listed in WAC 314-55-104:

No extraction equipment is needed for the proposed products.

4. Describe the packaging for all finished products (usable and infused) to include how they will be sealed:

Flowers will be packaged in clear mylar bags and will be heat-sealed.

Pre-rolls will be packaged in plastic and cardboard tubes.

5. Describe what information will be listed on labels affixed to your finished products (please indicate any differences between usable marijuana and marijuana-infused products):

Labels will consist of all information that is required by the LCB:

- (a) The business or trade name and Washington state unified business identifier number of the licensees that produced, processed, and sold the usable marijuana;
- (b) Lot number;
- (c) Concentration of THC, THCA, CBD, including a total of active cannabinoids (potency profile);
- (d) Net weight in ounces and grams or volume as appropriate;
- (e) Warnings that state: "This product has intoxicating effects and may be habit forming";
- (f) Statement that "This product may be unlawful outside of Washington state";
- (g) Date of harvest

7. QUALITY ASSURANCE PROTOCOLS (WAC 314-55-102)

I acknowledge that all required quality assurance testing must be done by an accredited third party lab approved by the LCB:

- ☒ YES  
☐ NO

8. ATTACH FLOOR PLAN / SITE PLAN (architectural plans are accepted but not required).

Plans must be drawn to scale. Please ensure your Floor Plan/Site Plan includes a key referencing the specific areas listed below. For your convenience, an example key is attached.

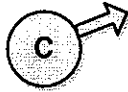
- a. Physical barrier/perimeter fencing enclosing the licensed premise including all gates
- b. Processing area(s)
- c. Controlled access area(s)
- d. Quarantine area(s)
- e. Points of ingress/egress to the licensed premise
- f. Location of all doors and windows
- g. Location of secured Surveillance System Storage Device
- h. Location of all cameras and alarms
- i. Designated Waste area(s)

Click 'yes' to attach floor plan

☒ YES

Click 'yes' to attach continuation sheet

☐ YES

**KEY FOR RETAIL/NON-RETAIL MARIJUANA FLOOR PLANS**

Security Cameras (draw arrow to indicate which way the camera is pointing)



Retail Display Case



Retail Point of Sale

XXX

Sight Obscure Fence

- - - -

Fencing



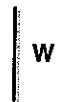
Security Alarm (this would be the sensor that is required on all doors and windows)



Security System Storage (Room, Closet, Lockbox or other secured location)



Door or entry point into a Retail and Non-Retail premise



Window



Gate through fenced area

**LABEL THE FOLLOWING AREAS**

- **Quarantine Area** – the area that Marijuana or Marijuana Infused products are kept before they are removed or transported
- **Security Room/Controlled Access Area** – all areas restricted to the general public
- **Grow Area** – area where Marijuana is grown

Note: If architectural plans are submitted or other form please ensure a key is included

