



Board Summary Report

File #: 24-246

Agenda Date: 5/6/2024

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To: Board of County Commissioners

Through: Ron Carl, County Attorney

Prepared By:
Robert Hill, Sr. Asst. County Attorney

Presenters: Jason Reynolds, Planning Division Manager, Public Works and Development; Robert Hill, Sr. Asst. County Attorney; Tiffanie Bleau, Sr. Asst. County Attorney

Subject:
2:00 PM *Kazmira Request for Support Letter and Marijuana Regulations Amendments

Purpose and Request:

The purpose of this request is to present and seek direction from the Board on the Kazmira proposal for a US Drug Enforcement Administration-regulated marijuana land use and to present the Kazmira request for a letter to the DEA expressing the County’s support for Kazmira’s application for a federal marijuana testing permit from the DEA.

Background and Discussion: The Arapahoe County marijuana regulations are adopted in the Land Development Code and the Marijuana Licensing Ordinance. Kazmira is seeking approval from the US Drug Enforcement Administration (DEA) to become a licensed federal manufacturing facility to manufacture federally legal pharmaceutical-grade cannabis ingredients. The manufactured ingredients would then be used to supply DEA-qualified researchers in their studies and clinical trials of marijuana.

Under its proposal, the Kazmira facility would receive marijuana grown off-site from a federally licensed grow facility. Kazmira would use its facility, which currently processes hemp into oils for commercial sale, to manufacture the ingredients which would then be transferred by the DEA to federal licensed researchers. The product would not be sold on any commercial market and the marijuana used for the manufactured products would then be transferred on to the site and off-site by and under the custody of the DEA.

However, the County’s Land Development Code prohibits all marijuana uses except for those currently licensed dispensaries and subject to the existing cap on licenses (currently four). Moreover, the Land Development Code defines marijuana use broadly and is not limited to commercial sales. As such, the use proposed for this DEA facility would not be permitted under the County’s marijuana regulations. The Land Development Code would thus need to be amended to allow this use. Potential amendments could be to exclude this type of federal DEA regulated use from the definition of marijuana use and just recognize as a permitted use in specified zone districts or the Board could direct staff to develop an approval process such as the Use by Special Review process for relocating or replacing any of the four approved dispensaries. Another alternative process could be a Special Exception Use that would be approved (or not) by the Board of Adjustment.

Kazmira is requesting that the County amend its Land Development Code and Ordinance to allow for this particular use. Additionally, Kazmira has to make application to and be approved by the DEA in order to become a licensed federal facility for this purpose. Kazmira is also requesting that a county official or authorized employee send a letter of support to the DEA for Kazmira in a form similar to that attached with this BSR.

Planning and Attorney Office staff are seeking direction from the Board on:

1. Whether to send a support letter to the DEA supporting Kazmira's application and who the Board would prefer to be the signatory on the letter.
2. Whether to proceed with drafting amendments to the Land Development Code and the Licensing ordinance in order to allow for the use as proposed by Kazmia; and
3. Whether to include an approval process or allow as a permitted use in specific zone districts, and if the latter any direction on which districts would be suitable for the use (agricultural, light industrial, or heavy industrial).

Fiscal Impact: It is not expected that this request will have much significant fiscal impact other than the staff time to develop and present amendments to the Marijuana Codes and implementing any of the amendments as adopted.

Alternatives: The Board is not obligated to approve or even entertain Kazmira's request, so the Board can deny any or all of the requests at its discretion. If the Board wants more information or to have a better understanding of what such amendments would look like, staff can prepare draft language for amendments for the Board's review

Alignment with Strategic Plan:

- Be fiscally sustainable
- Provide essential and mandated service
- Be community focused

Staff Recommendation: Staff is not making any specific recommendations at this time and just seeks the Board's direction. With such direction, staff can prepare recommendations for specific Code amendments as appropriate to the direction.

Concurrence: Planning Division and the County Attorney's Office concur with the need to obtain direction from the Board on how to proceed with the Kazmira requests.