

CITY OF McMinnville  
MINUTES OF WORK SESSION of the McMinnville City Council  
Held at the Kent L. Taylor Civic Hall on Gormley Plaza  
McMinnville, Oregon

Tuesday, August 19, 2015 at 7:00 p.m.

Presiding: Kevin Jeffries, Council President

Recording: Rose A. Lorenzen, Recording Secretary

Councilors:	<u>Present</u>	<u>Excused Absence</u>
	Remy Drabkin	Mayor Rick Olson
	Scott Hill	Larry Yoder
	Kevin Jeffries	

Also present were City Manager Martha Meeker, City Attorney Candace A. Haines, Police Chief Matt Scales, Planning Director Doug Montgomery, and a member of the news media, Don Iler of the *News Register*.

AGENDA ITEM

CALL TO ORDER: Council President Jeffries called the meeting to order at 6:40 p.m. and welcomed all in attendance. He noted for the Record that Mayor Olson and Councilor Yoder had been excused from the evening's meeting.

PLEDGE OF ALLEGIANCE: Councilor Hill led in the recitation of the Pledge of Allegiance.

INVITATION TO CITIZENS FOR PUBLIC COMMENT: Council President Jeffries asked for comments from the audience regarding items not on the evening's agenda. No comments were received.

1 WORK SESSION - REGARDING THE IMPLEMENTATION OF MEASURE 91: City Manager Meeker facilitated the Work Session with a PowerPoint presentation. She explained that there are regulatory changes that fall into three "bins": Early sales; growing, processing, wholesaling, and sales; and taxation. She explained that Senate Bill 460 (SB 460) allowed for early sales of recreational marijuana beginning October 1, 2015.

City Manager Meeker explained that SB 460 allows medical marijuana dispensaries to sell recreational marijuana starting October 1, 2015 and sales would include up to one-quarter ounce of dried marijuana leaves and flowers per person per day; four marijuana plants that are not flowering (immature plants); and marijuana seeds. This program will end on December 31, 2016. With regard to taxes, Ms. Meeker advised that there will be no taxes on sales prior to January 2016; however, commencing January 1,

2016, and ending December 31, 2016, sales will be taxed by the State at 25 percent. 10 percent of the state revenues will go to participating cities for law enforcement.

Ms. Meeker stated that the City Council has the option to ban medical marijuana dispensaries from selling recreational marijuana; and because of the fast-approaching implementation date staff suggested that a public hearing on early sales be held at the Council's September 8, 2015 Regular Meeting.

Ms. Meeker further explained that under House Bill 3400 the City Council may ban the following six marijuana activities:

- Medical marijuana processors to include those who prepare edibles, skin and hair products, concentrates, and extracts;
- Medical marijuana dispensaries;
- Recreational marijuana producers (growers);
- Recreational marijuana processes (preparing edibles, skin and hair products, concentrates, and extracts);
- Recreational marijuana wholesalers; and
- Recreational marijuana retailers.

Should the Council elect to impose a ban on any of the six categories listed above, the matter would be referred to the voters at the November 2016 election. A ban would act as a moratorium on new facilities until the election occurs.

The Council may also enact time, place, and/or manner restrictions on any of the six categories. Restrictions may be imposed on hours of operation, location (may not impose more than a 1,000 foot buffer between retail locations), manner of operation, and the public's access to the premises.

Restrictions that are in place because of State Legislation are as follows:

- Medical marijuana dispensaries, recreational marijuana retail stores, and medical / recreational marijuana processors producing extracts cannot locate in a residential zone;
- Medical marijuana dispensaries and recreational marijuana retail stores cannot locate within 1,000 feet of an elementary or secondary school;
- Medical marijuana dispensaries cannot locate within 1,000 feet of another dispensary; and
- Medical marijuana dispensaries cannot locate at a grow site.

Restrictions in place via City ordinance include:

- Medical marijuana facilities cannot locate within 1,000 feet of a preschool, the McMinnville Public

Library, the McMinnville Aquatic Center, and the McMinnville Community Center;

- Hours of operation for medical marijuana facilities are restricted to between 10:00 a.m. and 7:00 p.m.

Ms. Meeker explained the taxation process for the commercial sale of marijuana. The Council may elect to place a three percent tax on commercial sales on the November 2016 ballot, and if passed, the tax would begin on July 1, 2017. Should the Council decide to implement the three percent tax, legislation would need to be in place by June 2016. The State will impose a 25 percent tax on recreational marijuana sold at a medical marijuana dispensary and if the Council approves early sales, the City would receive 10 percent of the state tax revenues (based on population). The funds would be directed to assist City law enforcement duties. If the Council were to determine that early sales were not allowed, the City would receive no taxes on early sales from the State. After July 1, 2017, the State will distribute revenues based on the number and type of licenses issued to businesses within the City.

Ms. Meeker stated that it was staff's recommendation that the Council hold a public hearing on September 8, 2015 in order to receive public testimony on this issue. A final decision should be made no later than September 22, 2015. She further suggested that testimony at the September 8 public hearing be limited to early sales only. Then, in late October a second public hearing would be scheduled to hear testimony on the six types of marijuana activities that cities can ban under House Bill 3400.

An extensive question and answer period ensued. It was noted that if the Council took no action on this matter, early sales would be allowed effective October 1, 2015.

Police Chief Scales clarified that recreational marijuana cannot be sold from person to person. The product will only be legally available to sell through licensed dispensaries. The OLCC will begin accepting license applications for recreational marijuana dispensaries on January 4, 2016. It is not yet known how long it would take to obtain a license.

Planning Director Montgomery explained that for recreational sales, the Planning Department would sign a land use compatibility form which would go with the application to the OLCC. Currently, recreational sales are not allowed in residential zones and the Council could further restrict sales to certain areas such as commercial or industrial zones.

Police Chief Scales stated that police have the ability to charge drivers who drive under the influence of marijuana,

just as they do with those drivers who drive under the influence of alcohol.

City Attorney Haines urged the Council to give direction to staff as soon as possible following the public hearing. She explained that legislation regarding early sales would need to be in place before October 1. Staff would strive to have a draft ordinance for the City Council to act upon at its September 8, 2015 meeting. There would then be a second public hearing in late October regarding time, place, and/or manner. She explained that there will be six different categories that the Council will need to determine.

Council President Jeffries thanked staff for the informative nature of the Work Session and the amount of time and effort they had invested in the matter. Councilors noted that they looked forward to hearing testimony at the September 8, 2015 Public Hearing.

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ADJOURNMENT: Council President Jeffries adjourned the meeting at 7:52 p.m.

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Rose A. Lorenzen, Recording Secretary