



MEMO

TO: Planning and Zoning Commission

FROM: Doni Wilbanks
Planning Specialist

DATE: September 21, 2015

SUBJECT: Amendment to Unified Development Code (UDC) §154-15, Medical
Marijuana Uses **P15-008**

Background:

Proposition 203, Arizona Medical Marijuana Act, was passed by the voters in 2010. Arizona Revised Statutes (A.R.S.) 36-2806.01 as adopted by Section 3 of Proposition 203 holds that cities and towns may enact reasonable zoning regulations that limit the use of land for registered nonprofit medical marijuana dispensaries to specified areas. The Town of Payson subsequently created and adopted Unified Development Code (UDC) Section 154-15, Medical Marijuana Uses. In April 2011, the Arizona Department of Health Services (“DHS”) approved Regulations to implement Proposition 203. In August of 2012, DHS conducted a lottery to allocate the first group of medical marijuana dispensaries.

The Town of Payson allows for one medical marijuana dispensary and offsite cultivation location. Since August, 2013, Desert Medical Campus dba Uncle Herb’s Health Center has been doing business in the Town of Payson as both a dispensary and a cultivation location.

Analysis:

As part of the Medical Marijuana Uses section of the Unified Development Code, the Town mandated “A medical marijuana dispensary shall have operating hours not earlier than 9:00 a.m. and not later than 5:00 p.m.” A medical marijuana dispensary operates business similar to a pharmacy and retail establishment looking to serve the community’s needs. The applicant looks to expand their business in many ways, one of which is increasing operating hours to accommodate their customers’ needs and possibly expand their client base. Medical Marijuana card holders are not permitted to grow their own marijuana if they are within a 25 mile radius of a dispensary. Therefore Payson’s Desert Medical Campus (DMC) must serve card holders from outside of the town limits up to 25 miles away. Expanding business hours to 8:00 am to 9:00 p.m. would allow DMC to serve patients that find it difficult to reach the business during the current limited business hours.

Currently DMC employs 17 full time employees. Expanding hours would provide the opportunity to hire potentially two additional full time employees. By expanding operating hours DMC expects to also potentially increase retail sales by as much as 30%. DMC reported \$2 million in sales for 2014.

The proposed amendment to the Town Code Section 154-15, Medical Marijuana Uses shown below would increase, but still limit, the operating hours of a medical marijuana dispensary to 8:00 a.m. to 9:00 p.m.:

§ 154-15-003 HOURS OF OPERATION.

A medical marijuana dispensary shall have operating hours not earlier than 9:00 a.m. and not later than 5:00 p.m.

Staff Recommendation:

The business of operating a medical marijuana dispensary in the Town of Payson, although relatively new, has shown the need to expand after two years in operation. Operating hours are not mandated by A.R.S. § 36-2801 and were adopted by the Town prior to any medical marijuana dispensary businesses operating. As medical marijuana dispensaries or cultivation locations have restricted or limited, operating locations and must meet predetermined separation requirements from potentially incompatible uses, staff finds that the applicants' request could be compatible with areas in which they could be located. Therefore, staff recommends the Planning and Zoning Commission should recommend to the Town Council approval of the amendment as drafted.

Suggested Motion to recommend APPROVAL:

If the Commission agrees with the proposed amendment, a possible motion could be:

“I move the Planning and Zoning Commission recommend to the Town Council approval of P15-008, an amendment to Medical Marijuana Uses, Section 154-15 of the Town Code, increase hours of operation for medical marijuana dispensaries as drafted by staff.”

TOWN OF PAYSON PLANNING AND ZONING

The undersigned Applicant(s) hereby applies for:

- Abandonment Request
- ADU
- Administrative Appeal
- Administrative Relief
- Annexation
- Code Amendment
- Conditional Use Permit
- Devel. Agreement, PAD & SPD
- Development Master Plan
- Final Subdivision Plat
- General Plan/Land Use Plan Amendment
- Guest Quarters
- Minor Land Division
- Mobile Storage
- Preliminary Subdivision Plat
- P & Z Commission Appeal
- Temporary Use Permit
- Variance
- Zone Change

Jul, 2014

Project Address: 200 N TONTO ST Tax Parcel Number: _____
 Subdivision: PAYSON INDUSTRIAL Lot Number: 9
 Name of Applicant(s): DESERT MEDICAL CAMPUS INC Phone #: 480-363-3284
 Mailing Address: 13636 N TATUM BLVD Town: Scottsdale St: AZ Zip: 85032
 Name of Property Owner(s): GEORGE RANDALL RANDALL & Rodgers Investments
 Mailing Address: 1900 E HWY 260 Town: PAYSON St: AZ Zip: 85541
 Contact Person: GEORGE Phone #: 928-970-0464 Fax #: _____
 Payson Business License # _____ Sales Tax # _____

Detailed Description of Request:

CHANGE HOURS FOR A MEDICAL MARIJUANA DISPENSARY
MAY OPERATE TO 9AM TO 9PM

(Note: Additional Description area can be included in an attachment)

Certification: I hereby certify that the data submitted on or with this application is true and correct, that I am the owner of the property at this address, or that for the purpose of obtaining this approval I am an authorized agent in his/her behalf.

KEVIN SINGER, RECEIVER
Print Name

[Signature]
Signature

7/22/15
Date

STAFF USE ONLY - PERTINENT DATA

APPLICATION	DATE	INITIALS	APPLICATION FEE:
DATE FILED	7/22/15	DW	\$400 Paid CHECK NUMBER: 1219 DATE: 7/22/15
COMPLETED APPLICATION	7/22/15	DW	
NEWSPAPER PUBLICATION	8/18/15	DW	
300' NOTIFICATION MAILOUT	NA		
POSTING DATE	NA		

RECOMMENDATION	DECISIONS
By: _____ Date: _____	By: _____ Date: _____

Desert Medical Campus Hours of Operation Expansion Proposal

Desert Medical Campus is a premier MMJ dispensary and would match up to any facility in the State we currently have approx. 65 patients a day, with our whole sale line counting for approx. 40% of our sales with over two million in sales in 2014. There are some dispensaries in AZ that average over 500 patients a day.

Desert Medical Campus has been open in Payson for almost 2 years now. We currently are the only MMJ in Gila County with the closest dispensaries more than an hours drive away with the first comparable dispensary at more than 90 miles away. In an effort to expand our Patient base as well as expanding our employee base working at DMC dba Uncle Herbs Health Center. We are looking at growing several other areas of DMC's operations. These include plans for a new grow facility in Payson, Expanding of our wholesale edibles line & increasing our hours of operation.

DMC is committed to its continued operations here in Payson. Currently tourism and commuters to our city constitutes a large potential customer base that we think we might be missing. This customer base often travels the Beeline or the 260 coming through Payson headed to various cabins, fishing holes, hiking, 4-wheeling, swimming, camping cooling off from that Phoenix heat.

Over the last 20 plus months we have received various suggestions & inquiries. One of the predominate issues that continually is brought to our attention is our hours of operation. DMC's current hours of operations are 9am to 5pm Monday thru Sunday. These hours work well for most of Payson base, still we have several patients who come to our dispensary cutting the 5pm closing very close sometimes we turn several folks from entry as they arrive after 5pm and just gotten off work.

DMC would like to expand the hours of operation we are allowed to be open from the current to the proposed as stated below.

Current hours of operation allowed.
9 am to 5 pm Monday thru Sunday

Proposed Change in proposed hours of operation allowed.
8 am to 9 pm Monday Thru Sunday

If this is change is approved it would give us the **option** to change our hours of operation as needed to serve our patients, It would also give us the ability to be open the entire expanded time or perhaps just on special events or holiday weekends we could serve the travelers headed our way for the weekend after work & convince them to spend their dollars in Payson. We believe this change would have the potential of hiring up to two full time employees, a well as potentially increasing our retail business by as much as 30%