



MEMORANDUM

TO: Ann Arbor City Council
FROM: Howard S. Lazarus, City Administrator
SUBJECT: Response to Council Resolution R-19-462 – Establishment of a City of Ann Arbor Marijuana Permitting, Oversight, and Review Function and Body
DATE: February 11, 2020

This memorandum is provided in response to Council Resolution [R-19-462](#), which establishes the following requirements for the City Administrator:

- Present to Council a report outlining scope, authority and structure alternatives and recommendations for the marijuana oversight body.
- Recommendation as to whether the oversight function should be incorporated into the roles and responsibilities of the Council Liquor Licenses Review Committee or if a separate Marijuana Board, Commission, or Committee should be established.
- Recommendations regarding the body's authority specifically addressing permit allocations, ordinance enforcement, and deliverables and membership (if separate from the Council Liquor License Review Committee).

Staff provided an initial response in Council Resolution [R-19-539](#), which Council adopted on December 2, 2019. The paragraphs below provide additional recommendations on the integration of marijuana permitting, oversight and review into the existing regulatory structure.

Marijuana facilities are subject to both state licensing and City permitting processes. Licensing is a state function under the Michigan Department of Licensing and Regulatory Affairs (LARA). The City Clerk receives the City permit applications after the applicant has met the City zoning requirements and the application is administratively complete. The Clerk issues the permit and signs an attestation that indicates the applicant complies with City requirements, which the applicant submits to LARA with its state license application. The City permit does not allow the applicant to operate until the applicant has also obtained a state license and provided a copy to the Clerk. The annual renewal of marijuana licenses occurs throughout the year, concurrent with the expiration of the State license.

The City had adopted policies for the “issuance and transfer of liquor licenses and permits enforcement of reviews the licensing of establishments in accordance with, and to provide for the enforcement of liquor laws, regulations, and ordinances” under Title IX, Chapter 109 (Liquor) of the City code. This applies only to on-premises liquor licenses. Sections 9:76 and 9:79 specifically address applications for new licenses and renewals. The process for issuing marijuana permits is similar, but not identical to those established for liquor licenses, and based upon these similarities there is sound reasoning to expand the purpose of the Liquor License Review Committee to include permitting of marijuana establishments that involve on-premises consumption in lieu of creating an additional governing entity. Based upon this recommendation, the following items will require review and modification:

- The resolution establishing the Committee will need to be revised to establish its authority to review marijuana facility renewal requests.
- The City’s marijuana permitting ordinance will need to be revised to establish what permit types are sent to the Committee for review.
- A determination of the Committee’s ability to approve and or deny the renewals will be established.
- The criteria by which the Committee can make its determinations will be established.
- Procedural requirements will be developed.

Both the resolution establishing the Committee and the marijuana permit ordinance will need to be updated and provided to Council for consideration. The revised resolution will address the role, authority and review criteria. The ordinance and resolution updates will be developed by the Attorney’s Office for consideration by Council at an upcoming Council meeting.

As always, please do not hesitate to contact me if you have any questions or if I can be of further assistance.

cc: S Postema
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