

**City Council Point of Direction #3:** Consider additional zones for nonvolatile manufacturing including infusion and packaging.

#### Issue

- The 2022 Comprehensive Cannabis Study found that: (a) since 2018, cannabis manufacturing was the second-largest cannabis business sector and provides for the highest opportunities for growth due to integration of cannabis manufacturing into other cannabis business sectors (i.e., cultivation and distribution); and (b) cannabis manufacturing has the second largest economic impact of all cannabis business sectors.
- Production of concentrates and infused foods and beverages has become more sophisticated over the years. Increasing bioavailability of cannabis is driving manufacturing research and development. Cannabis product manufacturing is highly unpredictable in terms of consumer demand preferences.
- Cannabis manufacturing is currently primarily located in industrial zoning districts despite being permitted in C-2 and C-4 zones. Cannabis manufacturing uses are permitted in all industrial zoning districts.

#### Existing Zoning Regulations for Nonvolatile Cannabis Manufacturing

Zoning districts where allowed: C-2, C-4, M-1, M-1(S), M-2, M-2(S), MIP, MRD, M-T ([click here for map](#))

Permit requirements for nonvolatile cannabis manufacturing:

- By-Right/No Permit (Infusion and packaging uses)
- Conditional Use Permit (Nonvolatile extraction)

#### Recommendation

- No additional zones are recommended to allow for nonvolatile manufacturing.
- Recommendations at City Council Point of Direction #1 would permit nonvolatile manufacturing (infusion, packaging, and extraction) with Administrative Permit approval.

#### Rationale for Recommendation

- Requiring Administrative Permit approval for nonvolatile extraction would result in reduced permit processing time and reduced permit costs (i.e., assist with barriers to entry).
- Cannabis nonvolatile manufacturing is similar to other manufacturing uses that involve infusion and/or extraction (i.e., essential oils).
- Nonvolatile cannabis manufacturing is currently permitted in all industrial zones and general and heavy commercial zones.

- The available commercial zones for consideration (i.e., OB, EC, SC, C-1 and C-3) are primarily targeted towards retail commercial, service commercial, and office and business uses, and as a result, manufacturing uses are either prohibited or limited in floor area.
- Due to characteristics of cannabis manufacturing business operations, businesses naturally concentrate in industrial zoning districts where they are already allowed. For example:
  - 3 out of 41 existing cannabis manufacturing businesses are located in C-2 or C-4 (7%)
  - 19 of 243 existing cannabis production businesses (i.e., cultivation, manufacturing, and distribution) are located in C-2 or C-4 (8%)