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TO: Eileen Donoghue, City Manager *EMD*
FROM: R. Eric Slagle, Director of Development Services
DATE: March 24, 2022
RE: Motion by C. Nuon - Req. City Mgr. Update The City Council On The Status Of Licenses For Lowell's Marijuana Retailers To Deliver Product Directly To Customers As Outlined In The Cannabis Control Commission's New Rules Approved October 2019

This memorandum addresses the regulations adopted by the Cannabis Control Commission (CCC) governing Marijuana Delivery Businesses and the status of the City's process under these regulations.

At the end of September of 2019, the CCC proposed regulations that allowed Marijuana Delivery Businesses to begin. Those regulations were commented on, and adopted in part. Subsequently, the CCC proposed amendments to those regulations, and adopted them at the end of November 2020.

Delivery

For delivery, the CCC will have a two-year window where a limited number of Social Equity and Economic Empowerment applicants will be allowed to apply for licenses to be a delivery-only retailer. The Delivery program will be administered as follows:

- Under the adult-use cannabis program, a Delivery-Only license type will be offered for certified Economic Empowerment Priority Applicants, Social Equity Program Participants, and Microbusinesses with a Delivery Endorsement from the Commission, for an initial period of two years.
- Delivery for adult-use cannabis consumers will be permitted in municipalities in which retail sales are permitted, delivery businesses are located, and those that notify the Commission that delivery may operate within its borders. Service will be prohibited from dormitories and other university housing, commercial hospitality operations including hotels and bed-and-breakfasts, and federally subsidized housing.
- To ensure marijuana products are distributed to consumers of legal age and correct identity, adult consumers who choose to utilize delivery services will first need to pre-verify their age and identity through the marijuana retailer from which they intend to order products, either in person or online.

- Medical-use deliveries will be prohibited from dormitories and other university housing and federally subsidized housing, but patients will not be required to pre-verify through a Medical Marijuana Treatment Center.
- To maximize the safety and security of delivery drivers, consumers, and patients, regulations for both the proposed adult-use delivery program and the existing medical use of marijuana program have been developed consistent with retail operation safety protocols including the use of vehicle cameras for all deliveries, and body cameras for adult-use deliveries.
- Video of adult-use cannabis deliveries will be retained for a minimum of 30 days or the duration of an investigation by the Commission or law enforcement and may not be shared with any third party not explicitly authorized by the regulations without a court order or warrant.

For Lowell, this means that licensed Marijuana Delivery Businesses would be allowed to deliver marijuana to customers in Lowell, since retail sales are allowed in the City. These businesses would be governed by the licensing and security regulations of the CCC. There is not a mechanism in the existing regulations for a municipality to disallow delivery if it has already allowed retail. As such, any municipality that allows retail will allow delivery.

At a meeting of the Cannabis Control Subcommittee, the members made a request to the administration to contemplate establishing a priority in awarding delivery licenses to social equity applicants. Since that time, Development Services has been receiving inquiries from companies looking to establish delivery businesses in Lowell, and finalizing our requirements for such businesses to receive a Host Community Agreement from the City. Additionally, there will need to be a zoning change in order to reflect the new CCC regulations.

We will work with the incoming City Manager to finalize the requirements and begin vetting these businesses, and will keep the City Council updated on these businesses as they progress.

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3/24/2022