



## **AGENDA**

**MEETING:** Regular Meeting

**TIME:** Wednesday, February 3, 2016, 4:00 p.m.

**LOCATION:** Room 16, Tacoma Municipal Building North  
733 Market Street, Tacoma, WA 98402

### **A. Call to Order and Quorum Call**

### **B. Approval of Agenda and Minutes of January 20, 2016**

### **C. Public Comments**

Comments must be pertaining to items on the agenda and limited to up to three minutes per speaker.

### **D. Discussion Items**

#### **1. Marijuana Moratorium**

Review key issues and potential changes to the Land Use Regulatory Code concerning marijuana retail uses and marijuana cooperatives.

(See "Agenda Item D-1"; Molly Harris, 591-5383, [mharris@cityoftacoma.org](mailto:mharris@cityoftacoma.org))

#### **2. Tacoma Mall Neighborhood Subarea Plan**

Review the status of the Tacoma Mall Neighborhood Subarea Plan and Environmental Impact Statement (EIS) project, and provide direction for the next phase of the planning effort.

(See "Agenda Item D-2"; Elliott Barnett, 591-5389, [elliott.barnett@cityoftacoma.org](mailto:elliott.barnett@cityoftacoma.org))

### **E. Communication Items & Other Business**

- (1) Infrastructure, Planning and Sustainability Committee meeting, February 10, 2016, 4:30 p.m., Room 16; agenda includes: Sustainable Materials Management Plan; and Traffic Model Ordinance Update.
- (2) Planning Commission meeting, February 17, 2016, 4:00 p.m., Room 335; agenda includes: Marijuana Regulations; Development and Permitting Activities; Short-Term Rentals; and Wireless Communication Facilities.

### **F. Adjournment**







## **MINUTES** (Draft)

**TIME:** Wednesday, January 20, 2016, 4:00 p.m.  
**PLACE:** Room 16, Tacoma Municipal Building North  
733 Market Street, Tacoma, WA 98402  
**PRESENT:** Chris Beale (Chair), Stephen Wamback (Vice-Chair), Donald Erickson, Jeff McInnis,  
Meredith Neal, Anna Petersen, Brett Santhuff  
**ABSENT:** Dorian Waller, Scott Winship

### **A. CALL TO ORDER AND QUORUM CALL**

Chair Beale called the meeting to order at 4:07 p.m. A quorum was declared. The Commission welcomed Commissioner Jeff McInnis, who was appointed by the City Council on January 12, 2016, to serve the unexpired term of the "Development Community" position through June 30, 2017.

### **B. APPROVAL OF AGENDA AND MINUTES OF JANUARY 6, 2016**

The agenda was approved.

The minutes of the regular meeting on January 6, 2016 were reviewed and approved as submitted.

### **C. PUBLIC COMMENTS**

Chair Beale opened the floor for public comments. The following citizens provided comments:

**1) Phillip Dawdy:**

Mr. Dawdy reported that he was representing SMP Company, which was on the verge of being licensed the previous week when the marijuana moratorium was enacted. Mr. Dawdy noted that Seattle had cut the buffers down to 250 feet in Belltown and reduced non-school, non-playground buffers to 500 feet elsewhere. He encouraged Commissioners to consider reducing buffers in parts of town where it makes sense and commented that his clients would be fine with moving, but they needed some open territory with commercial strips to move to.

**2) Brian Caldwell, Operator and Managing Member of the Triple C Cannabis Club:**

Mr. Caldwell reported that his store shares a common wall with one recreational marijuana store and is within 900 feet of another. He encouraged the Commission to consider a 100 foot buffer between stores. He commented that there was a lot of open real estate on the waterfront but not much traffic and that some areas in Downtown were unavailable due to buffers from parks. He expressed support for dispersion of stores and increasing the cap.

### **D. DISCUSSION ITEMS**

#### **1. Marijuana Moratorium**

Molly Harris, Planning Services Division, facilitated a discussion to review and finalize the findings of fact and recommendation letter concerning the emergency moratorium on new marijuana retail uses and the establishment of marijuana cooperatives enacted by the City Council on January 12, 2016, per Substitute Ordinance No. 28343. Ms. Harris reviewed that the State's draft rules would allow additional marijuana retailers to operate in the City and that the City Council had passed the 6 month moratorium to allow time for the legislative process to move forward before any new retail stores or cooperatives could open. Some themes from the Council included expediting the process, ensuring access to citizens, and ensuring that the spirit of the law matches the letter of the law. Ms. Harris reviewed that at the Council's public hearing

on January 12, one of the concerns had been that the limited time for medical stores to obtain their licenses could potentially limit access. Ms. Harris reported that the City Council had suggested a number of issues for the Commission to consider such as whether there should be dispersion; whether there should be an additional cap; whether they should require new retail stores to have a medicinal endorsement to ensure access; and whether they should enact State standards into City regulations for things like signage and hours of operation.

Chair Beale commented that the language in the substitute ordinance did not plainly state the reason for a moratorium on cooperatives. Vice-Chair Wamback expressed concern that the language in Section 2 of the ordinance could potentially be used to claim that cooperatives are an exception to the rule. Brian Boudet, Planning Services Division Manager, commented that cooperatives would not be able to register until July and that the language in the ordinance addressing cooperatives was intended to recognize that they are a new use and would be incorporated into the discussion of new regulations. Commissioner Santhuff suggested that they would need to discuss concerns relating to how cooperatives might impact multifamily properties.

Commissioners discussed the draft letter that documented the Commission's findings of fact and recommendation in response to the Council's Resolution No. 39356 (adopted on January 5, initiating the moratorium process) and Substitute Ordinance No. 28343. Vice-Chair Wamback commented that the last paragraph of the first page expressed agreement with essentially everything outlined in the legal recitals of the resolution and the ordinance. He suggested that they consider whether the Commission is in agreement with the statement that the Council has been given all of the facts or properly measured all of the facts. Discussion ensued. Chair Beale commented that he felt that he could not completely concur that they had presented facts that cooperatives should not be allowed and suggested removing "concur" from the language. Commissioner Santhuff and Commissioner Petersen provided additional minor revisions.

Commissioner Petersen motioned to approve the letter with the edits provided by the Commission. Commissioner Erickson seconded. The motion was approved unanimously.

Ms. Harris reported that at the next Commission meeting staff would present draft regulations and a representative of the Association of Washington Cities would be present to discuss reasons for the most recent changes in the law. Vice-Chair Wamback requested that they invite representatives of a patient's rights organization or someone from an organization that represents the industry as a whole.

## **2. Subarea Plans Implementation**

Lihuang Wung, Planning Services Division, reviewed that over six years earlier they began to respond to the requirement of the Growth Management Act to conduct subarea planning for regional growth centers designated by the Puget Sound Regional Council (PSRC). As the designated regional growth centers were relatively large, they decided to split Downtown into three areas and then pursued potential grant opportunities for resources to help them complete the subarea plans. In 2004 all three subarea plans were adopted by the City Council as new elements of the Comprehensive Plan. In 2015 the three subarea plans were submitted collectively as the Center Plan for the Downtown Tacoma Regional Growth Center which was certified by the PSRC, making projects listed in the plan eligible for regional transportation funding. The three subarea plans also won the PSRC's Vision 2040 award.

Ian Munce, Planning and Development Services Division, provided a review of implementation strategies and project activities associated with the three subarea plans. Mr. Munce commented that the narrative they had developed is that the regional vision is contrary to what had been occurring. He noted that they had provided a road map for how decentralization can occur by making it easier to develop in Tacoma. Mr. Munce reviewed that the subareas preapproved development using existing code language and allowed people to go directly to the building permit stage without further traffic studies or environmental review. Mr. Munce commented that subareas don't provide the opportunity for appeal on a project by project basis, but they do allow projects to move forward quickly. Mr. Munce reported that the subarea planning process and the right narrative had allowed things like the Federal Small Starts grant for the Link Light Rail Extension. He reported that they had also secured 2 million dollars to allow a proper design study for what M.L.K. Jr Way would look like. He noted that the subarea plans also provided leverage to

negotiate with partners in the State government. Chair Beale expressed interest in how they might incorporate Light Rail station design on MLK, noting the Commission had discussed having a stakeholders group that would consider station design elements.

Chair Beale asked if there were gaps in the planned action SEPA documents that were causing any issues as they were processing new development applications. Mr. Munce responded that it was a work in process and they did not have a lot of examples to point to as they were in a slow growth mode.

Chair Beale reviewed that the Transportation Master Plan (i.e., the Transportation Element of the recently updated Comprehensive Plan) talked a lot about traffic impact fee policy. He asked how it would affect the EIS's in the subarea plans if the City were to proceed with something like that. Mr. Munce responded that the subarea plans acknowledge adequate capacity in the existing transportation facilities and the recommendation in the plans is to postpone any impact fees until they get a significant increase in activity.

#### **E. COMMUNICATION ITEMS & OTHER BUSINESS**

Mr. Boudet provided updates on the following items:

- The annual Planning Manager's Letter to the Community had been included in the Commission's packet. The letter provides the community information on major planning projects currently underway and what is being considered for the 2016 Annual Amendment process.
- The City Council had introduced a resolution to consider changes to their committee structure and were considering eliminating the Neighborhoods and Housing Committee and changing the name of the Public Safety, Human Services, and Education Committee to Community Vitality and Safety.
- Planning staff were still holding lunch meetings with Planning Commissioners and had three Commissioners remaining to be scheduled.

Mr. Wung discussed a letter from the Transportation Commission to the City Council's Infrastructure, Planning and Sustainability Committee that provided comments to Sound Transit regarding ST3. He noted that the Planning Commission had reviewed the ST3 issue in July 2015 and had decided not to send a letter to the City Council because a letter was already being drafted by the Transportation Commission at the time. Mr. Wung commented that this letter of January 2016 was consistent with the previous letter in July 2015. Vice-Chair Wamback commented on the letter's discussion and support of the future bus rapid transit system from Downtown Tacoma to Spanaway along the Pacific Avenue Corridor, expressing concern that extending urban infrastructure outside of the City boundaries was potentially promoting sprawl and was contradictory to City's growth management plans. He requested that the Transportation Commission send their comments to the Planning Commission first in future.

#### **F. ADJOURNMENT**

At 5:15 p.m., the meeting of the Planning Commission was concluded.





City of Tacoma  
Planning and Development Services

Agenda Item  
D-1

**To:** Planning Commission  
**From:** Molly Harris, Planning Services Division  
**Subject:** **Marijuana Regulations—Key Issues**  
**Date of Meeting:** February 3, 2016  
**Date of Memo:** January 28, 2016

At the meeting on February 3, 2016, Planning and Development Services staff will have speakers from the Association of Washington Cities, the Cannabis Alliance and the medical advocacy community available to discuss the drafting process and intent behind the new State laws (Cannabis Patient Protection Act and the Marijuana Reforms Taxation Act), as well as medical access and business community considerations.

Staff will provide a more detailed overview of potential changes to the Land Use Regulatory Code and key issues raised by staff, Planning Commission and others in past meetings:

- Dispersion of retail stores
- Potential caps on retail stores
- Cooperatives
- Buffers from sensitive uses
- Other standards (including signage, hours of operation, notification, etc.)

A discussion outline for these key issues is attached. Also attached are additional information and materials, as listed below, to provide background and context on the subject. If you have any questions, please contact me at 253.591.5383 or [mharris@cityoftacoma.org](mailto:mharris@cityoftacoma.org).

Attachments:

1. Discussion Outline – Key Issues Overview
2. Recent WSLCB News Releases (2)
3. State Marijuana Rulemaking – Summary of January 6 Proposed Modifications
4. State's Draft Rules (current, January 6 version)
5. State's Revised Marijuana Retail Allocations (December 16, 2015)
6. Estimating the Size of the Medical Cannabis Market in Washington State (Report by BOTEC)
7. Seattle's Recently-Adopted Marijuana Ordinance Highlights  
*(a full copy of Seattle's recently adopted ordinance is available on their website:  
[https://www.municode.com/library/wa/seattle/ordinances/municipal\\_code?nodeId=752846](https://www.municode.com/library/wa/seattle/ordinances/municipal_code?nodeId=752846) > click on "Ordinance 124969")*
8. Various News Articles (7)

c: Peter Huffman, Director





**Marijuana Land Use Regulations**  
**Key Issues for Consideration**  
*February 3, 2016*

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**SCOPE OF WORK:** Develop permanent land use regulations governing Marijuana uses.

**GOAL:** Recommend land use regulations that implement State law while achieving equitable access and limited impacts on the citizens of Tacoma.

**KEY ISSUES:**

**Production and processing facilities**

Background:

- Tacoma's existing regulations seem to be working for processing and production facilities
- To date, no significant issues have arisen and no requests have been made for changes to regulations for processing and production facilities
- These operations are usually fairly nondescript and generally have no public access/interaction
- State has provided new local authority to reduce the original state-level buffering standards

Considerations:

- Maintain existing production and processing regulations?
- Consider reductions in certain buffer requirements for production and processing?

**Cooperatives**

Background:

- Cooperatives can be established with up to 4 members and 60 plants/dwelling
- Cooperatives cannot be located within 1-mile of a retail store or 1000' from sensitive uses (unless those buffers are reduced by local jurisdictions)
- Members must share responsibility (labor, not money) for production and processing
- Must be in a domicile of one of the participants
- Location must register with LCB (WA Liquor and Cannabis Board)

Considerations:

- Reasonable patient access is critical
- It is possible that not all patients can afford the cost of retail marijuana, although the cost is highly uncertain as there is no licensed medical production and sales yet
- It is not required that licensed retail stores carry medical marijuana, or carry all of the different varieties of medical products, which are sometimes different than recreational marijuana products

- Due to State buffering standards, cooperative locations will be quite restricted in Tacoma, and these areas will be further limited once the additional retail stores are opened
- Since there is likely to be very limited area for cooperatives to operate, perhaps it is more equitable and more easily enforceable to not allow any cooperatives
- It is likely that some cooperatives would begin operating before all of the additional stores are open, potentially in areas where they are not allowed once all of the stores open up (creating nonconformities)
- Tacoma staff have significant concerns about cooperatives:
  - While the cooperatives can be allowed by the State, there is little confidence that the State will take any significant role in enforcement of its standards
  - Enforcing the limitations associated with collectives has been practically impossible and the same will likely be true of cooperatives
  - There are some notable differences between cooperates and collectives, but it appears that the cooperatives are a second attempt by the state to achieve what was intended by the collectives; the unregulated and largely uncontrolled collective/storefront model has and continues to have real impacts and create significant community concerns and unending local enforcement problems
  - The potential for noticeable impacts, such as traffic, noise, smell, etc. inherently increase as dwellings get closer together; this potential is even greater in multi-family development (of which we have a lot and are planning for a lot more)
  - At the residential level, there is significant concern about whether appropriate improvements will be made and permitted
  - Per the State's draft rules, cooperatives are required to register with the State but there is no clear involvement or notice of local jurisdictions or the community
  - The cooperative concept seems most appropriate where there will be limited access; it is difficult to say that there is limited access in Tacoma, particularly once the additional stores are opened
  - 60 plants is not a small operation, particularly for a dense urban single-family neighborhood or a multi-family unit, and by involving multiple non-residents it goes beyond what is traditionally allowed in residential areas even as a home occupation
- Should we ban cooperatives?
  - If so, to help ensure access we may need to consider whether we require some of the retail stores to carry a medical endorsement?
  - A ban could also be temporary, to be reconsidered after the additional stores are open and operating and the marketplace stabilizes (providing a better understanding of access), and as Tacoma collects information on how cooperatives are working in other jurisdictions?
- If allowed, should we consider controls on cooperatives?
  - Further limitations on the size (number of people involved, or number of plants allowed)?
  - Limit them to only certain types of residential uses, such as those on larger properties, or along arterials, or other circumstances that might help to limit their potential impacts?

- Consider modifications to buffering standards?
- Require City license and Certificate of Occupancy?
- Apply standards similar to those applicable to Home Occupations?

## **Cap on retail marijuana stores**

### Background:

- The State’s original cap on retail stores in Tacoma was 8 (to accommodate recreational marijuana per I-502)
- Originally, the State was proposing to eliminate the cap as part of the process of integrating the medical marijuana marketplace, but they have now decided to increase but maintain a cap; the State’s new cap on retail stores in Tacoma is 16 stores
- However, the State can change this cap at any time by adopting new rules
- The State’s new cap was based on a December 2015 study that evaluated market demand and revenue (prepared by BOTEC Analysis Corp.)

### Considerations:

- The community has continuously expressed concern about the number and location of retail marijuana stores, and staff has serious concerns about having no local control over that issue if the City does not institute its own cap
- If the City incorporates its own cap, we can at least be assured that the City will always have the ability to decide the appropriate number and locations for this community (recognizing that the cap may need to change in the future based on changes in market demand or other factors)
- Should we institute a local cap on retail stores?
- If so, should the cap be the same as the State’s current cap, smaller, or larger?

## **Dispersion of retail marijuana stores**

### Background:

- Neither State nor Tacoma laws regulate how close stores can be to each other
- Over-concentration and inequity (of both access and potential impact) have been a concern continuously expressed by some community members

### Considerations:

- Dispersion requirements could prevent clustering of stores and over-concentration in one part of town
- Dispersion could help ensure more equitable access throughout the community
- Should we institute a dispersion requirement, and if so, what should it be?

## **Buffers**

### Background:

- State law sets a minimum 1000-foot buffer distance requirement for separation of certain uses from licensed marijuana producers, processors or retailers
- Tacoma’s current regulations further require a 1000-foot buffer from correctional facilities, court houses, drug rehabilitation centers and detoxification centers

- The recent state law changes allow local jurisdictions to reduce the 1000-foot buffer zones to not less than 100 feet from recreation centers or facilities, child care centers, public parks, public transit centers, or game arcades admitting minors
- Buffers cannot be reduced around elementary and secondary schools or playgrounds
- The existing buffers limit the available areas in Tacoma for retail operations; this seems particularly awkward within the Downtown where there is very little area for retail stores

Considerations:

- Should we consider modifications to the existing retail buffering requirements?
- Consider reductions in certain buffer requirements for production and processing?

## **Signage and Hours of Operation**

Background:

- State law/rules currently regulate signage and hours of operation
- However, the State can change these standards at any time by adopting new rules

Considerations:

- For issues that are important locally (and for which our regulations can reasonably address), staff has serious concerns about having no local control and depending on the state's rules and oversight
- If the City incorporates these types of standards into its own code, we can at least be assured that the City will always have the ability to decide the appropriate standards for this community
- Consider incorporating the State's limitations regarding signage and hours of operation into our code

## **Public Notification for New Retail Stores**

Background:

- The State provides very limited notification of proposed new retail stores
- The City has requested that the State incorporate expanded notification (in part to better ensure that the State and local staff are aware of any sensitive uses that should be buffered) but the proposed rules do not include any

Considerations:

- The community has continuously expressed concern about the lack of notification regarding proposed stores
- Should the City pursue an enhanced public notification process

Wednesday, January 06, 2016



## **Board revises draft marijuana rules following public comment period**

*In a separate action, the Board adopts staff's recommendation for additional marijuana retail stores*

OLYMPIA – Following six public hearings held throughout the state, the Liquor and Cannabis Board (Board) today voted to revise the draft rules to accommodate public input it received on its original draft rules. The draft rules are necessary to implement 2015 legislation which aligns the medical marijuana market with the existing recreational market. Under the revised rules timeline, a public hearing would be held Feb. 10, 2016, with the Board being asked to adopt the rules on Feb. 24, 2016. If adopted, the rules become effective March 24, 2016.

“We spent many hours listening to and reviewing public comment,” said Board Chair Jane Rushford. “Since the beginning, this has been an open and transparent process. Today’s revised rules reflect the Board’s continued commitment to transparency and the willingness to listen and make adjustments that may improve the rules.”

### **Highlights**

Some highlights of the rule revisions include:

- Removing language prohibiting the use of terpenes and cannabinoids;
- Removing proposed language requiring re-testing after 30 days;
- Removing the six month residency requirement for financiers (allows out of state financiers);
- Removing the language prohibiting characterizing flavors for inhalants;
- Changing delivery time from 24 to 48 hours;
- Adding that “Mr. Yuk” stickers be applied to all labels for infused edible and liquid products;
- Adding Employment Security Department and Labor and Industry taxes and fees as a licensing requirement for being current on taxes.

A summary sheet of the full list of revisions can be found [here](#).

### **Emergency Rules**

In a separate action, the Board also adopted emergency rules following staff’s recommendation to expand the number of retail marijuana outlets to accommodate the alignment of the two markets. At its

Dec. 16, 2015, meeting, the Board heard a process recommendation from staff that would increase the number of retail marijuana stores from the current cap of 334 to a new cap of 556. The recommendation followed an analysis of the entire marijuana marketplace by the state's contracted research organization, BOTEC Analysis Corporation. You can read more regarding the recommendation from the [Dec. 16 media release](#).

### **BOTEC Analysis Corporation Report**

BOTEC Analysis Corporation provided its final report, [Estimating the Size of the Medical Cannabis Market in Washington State](#), on Dec. 15, 2015. In its report, BOTEC provided a range of the value of the overall marijuana market in Washington State. Its best estimate of the overall market value is a median figure at \$1.3 billion annually. Its best estimate on the breakdown is: \$480M medical (37 percent of market), \$460M state-licensed recreational stores (35 percent of market) and \$390M illicit (28 percent of the market).

*The mission of the Washington State Liquor and Cannabis Board is to promote public safety and trust through fair administration and enforcement of liquor, tobacco and marijuana laws.*

### *Board to increase the number of retail stores by 222 to ensure access by medical patients*

OLYMPIA – Following an analysis of the entire marijuana marketplace in Washington State, the Washington State Liquor and Cannabis Board (WSLCB) today heard a recommendation from staff to increase the number of retail marijuana stores from the current cap of 334 to a new cap of 556. The methodology for the cap will be part of emergency rules which will be announced Jan. 6, 2016. The allocation of retail licenses determined by the board will be published on the WSLCB website at [lcb.wa.gov](http://lcb.wa.gov).

“Our goal was clear; to ensure medical patients have access to the products they need,” said WSLCB Director Rick Garza. “There will be more storefronts for patients going forward than are available today. In addition, qualified patients can grow their own or join a four-member cooperative.”

Earlier this year the legislature enacted, and Gov. Inslee signed, legislation (SSB 5052) entitled the Cannabis Patient Protection Act. The new law charges the WSLCB, the state Department of Health and other agencies with drafting regulations that integrate the medical marijuana marketplace into the tightly controlled recreational marketplace. The WSLCB is charged with licensing retail applicants using a priority-based system.

#### **Priority Licensing System**

- **First priority** applicants are those who applied for a marijuana retail license prior to July 1, 2014, operated (or were employed by) a collective garden prior to January 1, 2013, have maintained a state and local business license and have a history of paying state taxes and fees.
- **Second priority** applicants are those who operated (or were employed by) a collective garden prior to January 1, 2013, have maintained a state and local business license, and have a history of paying state taxes and fees.
- **Third priority** applicants are those who don't meet the first or second criteria.

The WSLCB began accepting license applications on Oct. 12, 2015. Thus far, the WSLCB has received 1,194 retail applications. Of those who have applied, 39 have been determined as priority one and 42 have been determined as priority two. Applicants must still meet all other WSLCB licensing criteria before being licensed.

#### **Proportionate Allocation based on Medical Sales**

The number of retail locations will be determined using a method that distributes the number of locations proportionate to the most populous cities within each county and to accommodate the medical needs of qualifying patients and designated providers. Locations not assigned to a specific city will be at large.

WSLCB will increase the number of available licenses in the ten counties with the highest medical sales by 100 percent. Exceptions include Yakima and Benton Counties which have bans and moratoria in all major population centers. The 100 percent increase will transfer to the next two highest for medical needs, Skagit and Cowlitz Counties. Those counties and jurisdictions not in the top ten for medical sales will receive an increase of the number of licensees by 75 percent.

In addition to new retail licensees, 70 percent of existing retail recreational marijuana stores have received an endorsement on their license to sell medical marijuana.

**BOTEC Analysis Corporation Report**

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## **Marijuana Rulemaking**

Recently, at the January 6 WSLCB Board meeting, our Rules Coordinator brought forward a series of rule revisions to address issues with the proposed rules raised by the public. Specific rule language can be found on the [Proposed Rules page](#) of the WSLCB website.

### **Why is rule making necessary?**

Revisions are needed to accommodate testimony gathered by the Board during public hearings held in support of the new rulemaking.

### **What changes are being proposed?**

#### **Amended section. WAC 314-55-020. Marijuana license qualifications and application process.**

- Added Employment Security and Labor and Industries (must be up to date on taxes)
- Removed six month residency requirement for financiers
- Added "Employee Compensation & Benefits Data to operating plan requirements

#### **Amended section. WAC 314-55-035 What persons or entities have to qualify for a marijuana license?**

- Removed "financiers" from true party of interest matrix

#### **Amended section. WAC 314-55-077 What is a marijuana processor license and what are the requirements and fees related to a marijuana processor license?**

- Removed language prohibiting the use of terpenes and cannabinoids
- Removed language prohibiting characterizing flavors for inhalants
- Added requirement that "Mr. Yuk" stickers must be on all labels for marijuana infused edible solid and liquid products
- Added language prohibiting marijuana infused products that require baking or cooking

#### **Amended section. WAC 314-55-081 Who can apply for a marijuana retailer license?**

Added the formula for the number of additional retail outlets

#### **Amended section. WAC 314-55-096 Samples.**

Added section for "Education Samples"

#### **Amended section. WAC 314-55-102 Quality assurance testing.**

Removed proposed language requiring retesting after 30 days

#### **New section. WAC 314-55-107 Marijuana product compliance.**

Created new section adding requirements for a marijuana compliant product

#### **Amended section. WAC 314-55-115 What method of payment can a marijuana licensee use to purchase marijuana?**

Added requirements for licensees using a money transmitter as a form of payment for marijuana

**Amended section. WAC 314-55-310 Transportation license.**

Changed allotted delivery time from 24 hours to 48 hours

**Amended section. WAC 314-55-430 Qualifying patient or designated provider extraction requirements**

Added CO2 as a solvent that can be used for extraction under certain conditions by qualifying patients or designated providers

###

**WAC 314-55-010 Definitions.** Following are definitions for the purpose of this chapter. Other definitions are in RCW 69.50.101.

(1) "Applicant" or "marijuana license applicant" means any person or business entity who is considered by the board as a true party of interest in a marijuana license, as outlined in WAC 314-55-035. However, for purposes only of determining an application's priority under RCW 69.50.331 (1)(a), only the person or business entity (sole proprietorship, partnership of any type, limited liability company, privately or publicly held corporation, or nonprofit corporation) that is applying for the license will be considered the applicant.

(2) "Batch" means a quantity of marijuana-infused product containing material from one or more lots of marijuana.

(3) "Business name" or "trade name" means the name of a licensed business as used by the licensee on signs and advertising.

(4) "Child care center" means an entity that regularly provides child day care and early learning services for a group of children for periods of less than twenty-four hours licensed by the Washington state department of early learning under chapter 170-295 WAC.

(5) "Consultant" means an expert who provides advice or services in a particular field, whether a fee is charged or not. A consultant who is in receipt of, or has the right to receive, a percentage of the gross or net profit from the licensed business during any full or partial calendar or fiscal year is a true party of interest and subject to the requirements of WAC 314-55-035. A consultant who exercises any control over an applicant's or licensee's business operations is also subject to the requirements of WAC 314-55-035(4).

(6) "Elementary school" means a school for early education that provides the first four to eight years of basic education and recognized by the Washington state superintendent of public instruction.

(7) "Employee" means any person performing services on a licensed premises for the benefit of the licensee.

(8) "Financier" means any person or entity, other than a banking institution, that has made or will make an investment in the licensed business. A financier can be a person or entity that provides money as a gift, loans money to the applicant/business and expects to be paid back the amount of the loan with or without interest, or expects any percentage of the profits from the business in exchange for a loan or expertise.

(9) "Game arcade" means an entertainment venue featuring primarily video games, simulators, and/or other amusement devices where persons under twenty-one years of age are not restricted.

(10) "Intermediate product" means marijuana flower lots or other material lots that have been converted by a marijuana processor to a marijuana concentrate or marijuana-infused product that must be further processed prior to retail sale.

(11) "Library" means an organized collection of resources made accessible to the public for reference or borrowing supported with money derived from taxation.

(12) "Licensee" or "marijuana licensee" means any person or entity that holds a marijuana license, or any person or entity who is a true party of interest in a marijuana license, as outlined in WAC 314-55-035.

(13) "Lot" means either of the following:

(a) The flowers from one or more marijuana plants of the same strain. A single lot of flowers cannot weigh more than five pounds; or

(b) The trim, leaves, or other plant matter from one or more marijuana plants. A single lot of trim, leaves, or other plant matter cannot weigh more than fifteen pounds.

(14) "Marijuana strain" means a pure breed or hybrid variety of Cannabis reflecting similar or identical combinations of properties such as appearance, taste, color, smell, cannabinoid profile, and potency.

(15) "Medical marijuana" is defined by rule of the department of health.

(16) "Member" means a principal or governing person of a given entity including, but not limited to: LLC member/manager, president, vice-president, secretary, treasurer, CEO, director, stockholder, partner, general partner, limited partner. This includes all spouses of all principals or governing persons named in this definition and referenced in WAC 314-55-035.

(17) "Paraphernalia" means items used for the storage or use of usable marijuana, marijuana concentrates, or marijuana-infused products, such as, but not limited to, lighters, roach clips, pipes, rolling papers, bong, and storage containers. Items for growing, cultivating, and processing marijuana, such as, but not limited to, butane, lights, and chemicals are not considered "paraphernalia."

(18) "Pesticide" means, but is not limited to: (a) Any substance or mixture of substances intended to prevent, destroy, control, repel, or mitigate any insect, rodent, snail, slug, fungus, weed, and any other form of plant or animal life or virus, except virus on or in a living person or other animal which is normally considered to be a pest; (b) any substance or mixture of substances intended to be used as a plant regulator, defoliant, or desiccant; and (c) any spray adjuvant. Pesticides include substances commonly referred to as herbicides, fungicides, insecticides, and cloning agents.

(19) "Perimeter" means a property line that encloses an area.

(20) "Plant canopy" means the square footage dedicated to live plant production, such as maintaining mother plants, propagating plants from seed to plant tissue, clones, vegetative or flowering area. Plant canopy does not include areas such as space used for the storage of fertilizers, pesticides, or other products, quarantine, office space, etc.

(21) "Playground" means a public outdoor recreation area for children, usually equipped with swings, slides, and other playground equipment, owned and/or managed by a city, county, state, or federal government.

(22) "Public park" means an area of land for the enjoyment of the public, having facilities for rest and/or recreation, such as a baseball diamond or basketball court, owned and/or managed by a city, county, state, federal government, or metropolitan park district. Public park does not include trails.

(23) "Public transit center" means a facility located outside of the public right of way that is owned and managed by a transit agency or city, county, state, or federal government for the express purpose of staging people and vehicles where several bus or other transit routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route to route transfers.

~~((23))~~ (24) "Recreation center or facility" means a supervised center that provides a broad range of activities and events intended primarily for use by persons under twenty-one years of age, owned and/or managed by a charitable nonprofit organization, city, county, state, or federal government.

~~((24))~~ (25) "Residence" means a person's address where he or she physically resides and maintains his or her abode.

~~((25))~~ (26) "Secondary school" means a high and/or middle school: A school for students who have completed their primary education, usually attended by children in grades seven to twelve and recognized by the Washington state superintendent of public instruction.

~~((26))~~ (27) "Selling price" means the same meaning as in RCW 82.08.010, except that when the product is sold under circumstances where the total amount of consideration paid for the product is not indicative of its true value. Selling price means the true value of the product sold as determined or agreed to by the board. For purposes of this subsection:

(a) "Product" means marijuana, marijuana concentrates, usable marijuana, and marijuana-infused products; and

(b) "True value" means market value based on sales at comparable locations in the state of the same or similar product of like quality and character sold under comparable conditions of sale to comparable purchasers. In the absence of such sales of the same or similar product, true value means the value of the product sold as determined by all of the seller's direct and indirect costs attributed to the product.

~~((27))~~ (28) "Unit" means an individually packaged marijuana-infused solid or liquid product meant to be eaten or swallowed, not to exceed ten servings or one hundred milligrams of active tetrahydrocannabinol (THC), or Delta 9.

AMENDATORY SECTION (Amending WSR 15-11-107, filed 5/20/15, effective 6/20/15)

**WAC 314-55-020 Marijuana license qualifications and application process.** Each marijuana license application is unique and investigated individually. The board may inquire and request documents regarding all matters in connection with the marijuana license application. The application requirements for a marijuana license include, but are not necessarily limited to, the following:

(1) Per RCW 69.50.331, the board shall send a notice to cities and counties, and may send a notice to tribal governments or port authorities regarding the marijuana license application. The local authority has twenty days to respond with a recommendation to approve or an objection to the applicant, location, or both.

(2) Applicants for a new marijuana producer, processor, or retailer license and those who apply to change their location must display a sign provided by the WSLCB on the outside of the premises to be licensed notifying the public that the premises are subject to an application for a marijuana license. Posting notices must occur within seven days of submitting the location confirmation form for new licenses or the change of location application for existing licensees. The WSLCB may check for compliance with these requirements at its discretion. The sign must:

(a) Not be altered. The licensee must post the sign sent by the WSLCB without changing, adding, or subtracting from the text;

(b) Be conspicuously displayed on, or immediately adjacent to, the premises subject to the application and in the location that is most likely to be seen by the public;

(c) Be of a size sufficient to ensure that it will be readily seen by the public, at a minimum these signs must be eight and one-half by eleven inches;

(d) Be posted within seven business days of the date the notice is sent to the applicant by the WSLCB;

(e) Be posted for fourteen consecutive days.

(3) The WSLCB will use a priority system to determine the order that marijuana retailers are licensed. Within priority categories, applications will not be ranked and will be processed in order of submission.

(a) **First priority is given to applicants who:**

(i) Applied to the WSLCB for a marijuana retail license prior to July 1, 2014. To meet this qualification, the applicant must provide the WSLCB a copy of the master business license from department of revenue business licensing services showing the applicant applied for a retail marijuana license prior to July 1, 2014;

(ii) Operated or were employed by a collective garden before January 1, 2013. To meet this qualification, the applicant must provide the WSLCB a copy of the master business license from department of revenue business licensing services showing the applicant owned a collective garden prior to January 1, 2013, or a pay stub or tax information indicating that the applicant was employed by a collective garden prior to January 1, 2013;

(iii) Have maintained a state business license and municipal business license, as applicable in the relevant jurisdiction. To meet this qualification, the applicant must provide the WSLCB a copy of the master business license from department of revenue business licensing services and copies of municipal business licenses from January 1, 2013, through the date of application; and

(iv) Have had a history of paying all applicable state taxes and fees. To meet this qualification, the applicant must provide the WSLCB evidence from the department of revenue that the entity is up to date on all applicable state taxes since January 1, 2013, and that they have paid all applicable fees to the WSLCB for all businesses they are engaged in since January 1, 2013.

(b) **Second priority is given to applicants who:**

(i) Operated or were employed by a collective garden before January 1, 2013. To meet this qualification, the applicant must provide the WSLCB a copy of the master business license from department of revenue business licensing services showing the applicant owned a collective garden prior to January 1, 2013, or a pay stub or tax information indicating that the applicant was employed by a collective garden prior to January 1, 2013;

(ii) Have maintained a state business license and municipal business license, as applicable in the relevant jurisdiction. To meet this qualification, the applicant must provide the WSLCB a copy of the master business license from department of revenue business licensing services and copies of municipal business licenses from January 1, 2013, through the date of application; and

(iii) Have had a history of paying all applicable state taxes and fees. To meet this qualification, the applicant must provide the WSLCB evidence from the department of revenue that the entity is up to date

on all applicable state taxes since January 1, 2013, and that they have paid all applicable fees to the WSLCB for all businesses they are engaged in since January 1, 2013, for all businesses they are engaged in since January 1, 2013.

(c) Third priority is given to all other applicants who do not meet the qualifications and experience identified for priority one or two.

(4) All marijuana retail applicants must meet the qualifications required by the WSLCB before they will be granted a license regardless of priority.

(5) The board will verify that the proposed business meets the minimum requirements for the type of marijuana license requested.

~~((3))~~ (6) The board will conduct an investigation of the applicants' criminal history and administrative violation history, per WAC 314-55-040 and 314-55-045.

(a) The criminal history background check will consist of completion of a personal/criminal history form provided by the board and submission of fingerprints to a vendor approved by the board. The applicant will be responsible for paying all fees required by the vendor for fingerprinting. These fingerprints will be submitted to the Washington state patrol and the Federal Bureau of Investigation for comparison to their criminal records. The applicant will be responsible for paying all fees required by the Washington state patrol and the Federal Bureau of Investigation.

(b) Financiers will also be subject to criminal history investigations equivalent to that of the license applicant. Financiers will also be responsible for paying all fees required for the criminal history check. Financiers must meet the three month residency requirement.

~~((4))~~ (7) The board will conduct a financial investigation in order to verify the source of funds used for the acquisition and startup of the business, the applicants' right to the real and personal property, and to verify the true party(ies) of interest.

~~((5))~~ (8) The board may require a demonstration by the applicant that they are familiar with marijuana laws and rules.

~~((6))~~ (9) The board may conduct a final inspection of the proposed licensed business, in order to determine if the applicant has complied with all the requirements of the license requested.

~~((7))~~ (10) Per RCW 69.50.331 (1)(b), all applicants applying for a marijuana license must have resided in the state of Washington for at least ~~((three))~~ six months prior to application for a marijuana license. All partnerships, employee cooperatives, associations, non-profit corporations, corporations and limited liability companies applying for a marijuana license must be formed in Washington. All members must also meet the ~~((three))~~ six month residency requirement. Managers or agents who manage a licensee's place of business must also meet the ~~((three))~~ six month residency requirement.

~~((8))~~ (11) Submission of an operating plan that demonstrates the applicant is qualified to hold the marijuana license applied for to the satisfaction of the board. The operating plan shall include the following elements in accordance with the applicable standards in the Washington Administrative Code (WAC).

~~((9))~~ (12) As part of the application process, each applicant must submit in a format supplied by the board an operating plan detailing the following as it pertains to the license type being sought. This operating plan must also include a floor plan or site plan drawn

to scale which illustrates the entire operation being proposed. The operating plan must include the following information:

<b>Producer</b>	<b>Processor</b>	<b>Retailer</b>
Security	Security	Security
Traceability	Traceability	Traceability
Employee qualifications and training	Employee qualifications and training	Employee qualifications and training
Transportation of product including packaging of product for transportation	Transportation of product	Transportation of product
Destruction of waste product	Destruction of waste product	Destruction of waste product
Description of growing operation including growing media, size of grow space allocated for plant production, space allocated for any other business activity, description of all equipment used in the production process, and a list of soil amendments, fertilizers, other crop production aids, or pesticides, utilized in the production process	Description of the types of products to be processed at this location together with a complete description of all equipment to include all marijuana-infused edible processing facility equipment and solvents, gases, chemicals and other compounds used to create extracts and for processing of marijuana-infused products	
Testing procedures and protocols	Testing procedures and protocols	
	Description of the types of products to be processed at this location together with a complete description of processing of marijuana-infused products	
	Description of packaging and labeling of products to be processed	
		What array of products are to be sold and how are the products to be displayed to consumers

After obtaining a license, the license holder must notify the board in advance of any substantial change in their operating plan. Depending on the degree of change, prior approval may be required before the change is implemented.

~~((10))~~ (13) Applicants applying for a marijuana license must be current in any tax obligations to the Washington state department of revenue and other state agencies, as an individual or as part of any entity in which they have an ownership interest. Applicants must sign an attestation that, under penalty of denial or loss of licensure, that representation is correct.

~~((11))~~ (14) The issuance or approval of a license shall not be construed as a license for, or an approval of, any violations of local rules or ordinances including, but not limited to: Building and fire codes, zoning ordinances, and business licensing requirements.

~~((12))~~ (15) Upon failure to respond to the board licensing and regulation division's requests for information within the timeline provided, the application may be administratively closed or denial of the application will be sought.

**WAC 314-55-050 Reasons the board may seek denial, suspension, or cancellation of a marijuana license application or license.** Following is a list of reasons the board may deny, suspend, or cancel a marijuana license application or license. Per RCW 69.50.331, the board has broad discretionary authority to approve or deny a marijuana license application for reasons including, but not limited to, the following:

(1) Failure to meet qualifications or requirements for the specific marijuana producer, processor, or retail license, as outlined in this chapter and chapter 69.50 RCW.

(2) Failure or refusal to submit information or documentation requested by the board during the evaluation process.

(3) The applicant makes a misrepresentation of fact, or fails to disclose a material fact to the board during the application process or any subsequent investigation after a license has been issued.

(4) Failure to meet the criminal history standards outlined in WAC 314-55-040.

(5) Failure to meet the marijuana law or rule violation history standards outlined in WAC 314-55-045.

(6) The source of funds identified by the applicant to be used for the acquisition, startup and operation of the business is questionable, unverifiable, or determined by the board to be gained in a manner which is in violation by law.

(7) Denies the board or its authorized representative access to any place where a licensed activity takes place or fails to produce any book, record or document required by law or board rule.

(8) Has been denied or had a marijuana license or medical marijuana license suspended or canceled in another state or local jurisdiction.

(9) Where the city, county, tribal government, or port authority has submitted a substantiated objection per the requirements in RCW 69.50.331 (7) and (9).

(10) The board shall not issue a new marijuana license if the proposed licensed business is within one thousand feet of the perimeter of the grounds of any of the following entities. The distance shall be measured as the shortest straight line distance from the property line of the proposed building/business location to the property line of the entities listed below:

(a) Elementary or secondary school;

(b) Playground;

(c) Recreation center or facility;

(d) Child care center;

(e) Public park;

(f) Public transit center;

(g) Library; or

(h) Any game arcade (where admission is not restricted to persons age twenty-one or older).

(11)(a) A city or county may by local ordinance permit the licensing of marijuana businesses within one thousand feet but not less than one hundred feet of the facilities listed in subsection (10) of this section except elementary and secondary schools, and playgrounds.

(b) If a licensee applies for a marijuana license at a location less than one thousand feet of a recreation center or facility, child care center, public park, public transit center, library, or game ar-

cade, the licensee must provide the WSLCB with a copy of the local ordinance that describes the distance required by the city or county where the facility will be located.

~~(12)~~ (12) Has failed to pay taxes or fees required under chapter 69.50 RCW or failed to provide production, processing, inventory, sales and transportation reports to documentation required under this chapter.

~~((12))~~ (13) Failure to submit an attestation that they are current in any tax obligations to the Washington state department of revenue.

~~((13))~~ (14) Has been denied a liquor license or had a liquor license suspended or revoked in this or any other state.

~~((14))~~ (15) The operating plan does not demonstrate, to the satisfaction of the board, the applicant is qualified for a license.

~~((15))~~ (16) Failure to operate in accordance with the board approved operating plan.

~~((16))~~ (17) The board determines the issuance of the license will not be in the best interest of the welfare, health, or safety of the people of the state.

AMENDATORY SECTION (Amending WSR 15-11-107, filed 5/20/15, effective 6/20/15)

**WAC 314-55-075 What is a marijuana producer license and what are the requirements and fees related to a marijuana producer license?**

(1) A marijuana producer license allows the licensee to produce, harvest, trim, dry, cure, and package marijuana into lots for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. A marijuana producer can also produce and sell marijuana plants, seed, and plant tissue culture to other marijuana producer licensees. Marijuana production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors. Outdoor production may take place in nonrigid greenhouses, other structures, or an expanse of open or cleared ground fully enclosed by a physical barrier. To obscure public view of the premises, outdoor production must be enclosed by a sight obscure wall or fence at least eight feet high. Outdoor producers must meet security requirements described in WAC 314-55-083.

(2) The application fee for a marijuana producer license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.

(3) The annual fee for issuance and renewal of a marijuana producer license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.

(4) The board will initially limit the opportunity to apply for a marijuana producer license to a thirty-day calendar window beginning with the effective date of this section. In order for a marijuana producer application license to be considered it must be received no later than thirty days after the effective date of the rules adopted by the board. The board may reopen the marijuana producer application

window after the initial evaluation of the applications received and at subsequent times when the board deems necessary.

(5) Any entity and/or principals within any entity are limited to no more than three marijuana producer licenses.

(6) The maximum amount of space for marijuana production (~~(is initially limited to two million square feet, to be increased based on marketplace demand, but not to exceed eight and one half million square feet without board approval)~~) will be imposed at a later date. Applicants must designate on their operating plan the size category of the production premises and the amount of actual square footage in their premises that will be designated as plant canopy. There are three categories as follows:

(a) Tier 1 - Less than two thousand square feet;

(b) Tier 2 - Two thousand square feet to ten thousand square feet; and

(c) Tier 3 - Ten thousand square feet to thirty thousand square feet.

(7) The board may reduce a licensee's or applicant's square footage designated to plant canopy for the following reasons:

(a) If the amount of square feet of production of all licensees exceeds the maximum (~~(of two million)~~) square feet the board will reduce the allowed square footage by the same percentage.

(b) If fifty percent production space used for plant canopy in the licensee's operating plan is not met by the end of the first year of operation the board may reduce the tier of licensure.

(8) If the total amount of square feet of marijuana production exceeds (~~(two million)~~) the maximum square feet, the board reserves the right to reduce all licensee's production by the same percentage or reduce licensee production by one or more tiers by the same percentage.

(9) The maximum allowed amount of marijuana on a producer's premises at any time is as follows:

(a) Outdoor or greenhouse grows - One and one-quarter of a year's harvest; or

(b) Indoor grows - Six months of their annual harvest.

AMENDATORY SECTION (Amending WSR 15-11-107, filed 5/20/15, effective 6/20/15)

**WAC 314-55-077 What is a marijuana processor license and what are the requirements and fees related to a marijuana processor license?** (1) A marijuana processor license allows the licensee to process, dry, cure, package, and label usable marijuana, marijuana concentrates, and marijuana-infused products for sale at wholesale to marijuana processors and marijuana retailers.

(2) A marijuana processor is allowed to blend tested usable marijuana from multiple lots into a single package for sale to a marijuana retail licensee providing the label requirements for each lot used in the blend are met and the percentage by weight of each lot is also included on the label.

(3) A marijuana processor licensee must obtain approval from the liquor control board for all marijuana-infused products, labeling, and packaging prior to offering these items for sale to a marijuana retailer. The marijuana processor licensee must submit a picture of the

product, labeling, and packaging to the liquor control board for approval.

If the liquor control board denies a marijuana-infused product for sale in marijuana retail outlets, the marijuana processor licensee may request an administrative hearing per chapter 34.05 RCW, Administrative Procedure Act.

(4) Marijuana-infused edible products in solid form must meet the following requirements:

(a) If there is more than one serving in the package, each serving must be packaged individually in childproof packaging (see WAC 314-55-105(7)) and placed in the outer package.

(b) The label must prominently display the number of servings in the package.

(c) Marijuana-infused solid edible products must be homogenized to ensure uniform disbursement of cannabinoids throughout the product.

(d) All marijuana-infused solid edibles must prominently display on the label "This product contains marijuana."

(5) Marijuana-infused edible products in liquid form must meet the following requirements:

(a) If there is more than one serving in the package, a measuring device must be included in the package with the product.

(b) The label must prominently display the number of servings in the package and the amount of product per serving.

(c) Marijuana-infused liquid edibles must be homogenized to ensure uniform disbursement of cannabinoids throughout the product.

(d) All marijuana-infused liquid edibles must prominently display on the label "This product contains marijuana."

(6) A marijuana processor is limited in the types of food or drinks they may infuse with marijuana. Marijuana-infused products that are especially appealing to children are prohibited. Marijuana-infused edible products such as, but not limited to, gummy candies, lollipops, cotton candy, or brightly colored products, are prohibited.

(a) To reduce the risk to public health, potentially hazardous foods as defined in WAC 246-215-01115 may not be infused with marijuana. Potentially hazardous foods require time-temperature control to keep them safe for human consumption and prevent the growth of pathogenic microorganisms or the production of toxins. Any food that requires refrigeration, freezing, or a hot holding unit to keep it safe for human consumption may not be infused with marijuana.

(b) Other food items that may not be infused with marijuana to be sold in a retail store are:

(i) Any food that has to be acidified to make it shelf stable;

(ii) Food items made shelf stable by canning or retorting;

(iii) Fruit or vegetable juices (this does not include shelf stable concentrates);

(iv) Fruit or vegetable butters;

(v) Pumpkin pies, custard pies, or any pies that contain egg;

(vi) Dairy products of any kind such as butter, cheese, ice cream, or milk; and

(vii) Dried or cured meats.

(c) Vinegars and oils derived from natural sources may be infused with dried marijuana if all plant material is subsequently removed from the final product. Vinegars and oils may not be infused with any other substance, including herbs and garlic.

(d) Marijuana-infused jams and jellies made from scratch must utilize a standardized recipe in accordance with 21 C.F.R. Part 150, revised as of April 1, 2013.

(e) Per WAC 314-55-104, a marijuana processor may infuse dairy butter or fats derived from natural sources and use that extraction to prepare allowable marijuana-infused solid or liquid products meant to be ingested orally, but the dairy butter or fats derived from natural sources may not be sold as stand-alone products.

(f) The liquor control board may designate other food items that may not be infused with marijuana.

(7) The recipe for any marijuana-infused solid or liquid products meant to be ingested orally must be kept on file at the marijuana processor's licensed premises and made available for inspection by the liquor control board or its designee.

(8) The application fee for a marijuana processor license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.

(9) The annual fee for issuance and renewal of a marijuana processor license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.

(10) A marijuana processor producing a marijuana-infused solid or liquid product meant to be ingested orally in a processing facility as required in WAC 314-55-015(10) must pass a processing facility inspection. Ongoing annual processing facility compliance inspections may be required. The liquor control board will contract with the department of agriculture to conduct required processing facility inspections. All costs of inspections are borne by the licensee and the hourly rate for inspection is sixty dollars. A licensee must allow the liquor control board or their designee to conduct physical visits and inspect the processing facility, recipes and required records per WAC 314-55-087 during normal business hours or at any time of apparent operation without advance notice. Failure to pay for the processing facility inspection or to follow the processing facility requirements outlined in this section and WAC 314-55-015 will be sufficient grounds for the board to suspend or revoke a marijuana license.

(11) The board will initially limit the opportunity to apply for a marijuana processor license to a thirty-day calendar window beginning with the effective date of this section. In order for a marijuana processor application license to be considered it must be received no later than thirty days after the effective date of the rules adopted by the board. The board may reopen the marijuana processor application window after the initial evaluation of the applications that are received and processed, and at subsequent times when the board deems necessary.

(12) A currently licensed marijuana producer may submit an application to add a marijuana processor license at the location of their producer license providing they do not already hold three processor licenses.

(13) Any entity and/or principals within any entity are limited to no more than three marijuana processor licenses.

~~((13))~~ (14) Marijuana processor licensees are allowed to have a maximum of six months of their average usable marijuana and six months average of their total production on their licensed premises at any time.

~~((14))~~ (15) A marijuana processor must accept returns of products and sample jars from marijuana retailers for destruction, but is not required to provide refunds to the retailer. It is the responsi-

bility of the retailer to ensure the product or sample jar is returned to the processor.

NEW SECTION

**WAC 314-55-080 Medical marijuana endorsement.** Existing retail license holders and applicants for an initial retail license may apply for a medical endorsement.

(1) A medical marijuana endorsement added to a marijuana retail license allows the marijuana retail licensee to:

(a) Sell marijuana for medical use to qualifying patients and designated providers; and

(b) Provide marijuana at no charge, at their discretion, to qualifying patients and designated providers.

(2) **To maintain a medical marijuana endorsement in good standing, a marijuana retailer must:**

(a) Follow all rules adopted by the department of health regarding marijuana in chapters 246-70, 246-71, and 246-72 WAC;

(b) Have at least one medical marijuana consultant certificate holder on staff with an active credential issued by the department of health under chapter 246-72 WAC;

(c) Prohibit the use of marijuana by anyone, including qualifying patients, at the retail outlet at all times;

(d) Maintain at all times a representative assortment of marijuana products necessary to meet the needs of qualified patients and designated providers. Beginning with the second renewal cycle, not less than twenty-five percent of a marijuana retail outlet's inventory, excluding paraphernalia, must consist of products meeting the requirements of chapter 246-70 WAC. Failure to maintain adequate inventory of such products may result in revocation of the medical marijuana endorsement;

(e) Not market marijuana concentrates, usable marijuana, or marijuana-infused products in a way that make them especially attractive to minors;

(f) Demonstrate the ability to enter qualifying patients and designated providers in the medical marijuana authorization data base established by the department of health;

(g) Agree to enter qualifying patients and designated providers into the data base and issue recognition cards in compliance with the department of health rules found in chapter 246-71 WAC;

(h) Keep copies of the qualifying patient's or designated provider's recognition card or equivalent records to document the validity of tax exempt sales;

(i) **Train employees on the following:**

(i) Procedures regarding the recognition of valid authorizations and the use of equipment to enter qualifying patients and designated providers into the medical marijuana authorization data base;

(ii) Identification of valid recognition cards; and

(iii) Recognition of strains, varieties, THC concentration, CBD concentration, and THC to CBD ratios of marijuana concentrates, usable marijuana, and marijuana-infused products available for sale when assisting qualifying patients and designated providers at the retail outlet.

(3) **A marijuana retailer holding a medical marijuana endorsement may sell products with a THC concentration of 0.3 percent or less.** The licensee may also provide these products at no charge to qualifying patients or designated providers who hold a valid recognition card.

(4) **Unlicensed practice of medicine.** No owner, employee, or volunteer of a retail outlet holding a medical marijuana endorsement may:

(a) Offer or undertake to diagnose or cure any human or animal disease, ailment, injury, infirmity, deformity, pain, or other condition, physical or mental, real or imaginary, by use of marijuana products or any other means or instrumentality; or

(b) Recommend or suggest modification or elimination of any course of treatment that does not involve the medical use of marijuana products.

(5) Failure to comply with subsection (4) of this section may result in suspension or revocation of the medical marijuana endorsement.

AMENDATORY SECTION (Amending WSR 13-21-104, filed 10/21/13, effective 11/21/13)

**WAC 314-55-081 Who can apply for a marijuana retailer license?**

(1) The WSLCB may accept applications for marijuana retail licenses at time frames published on its web site at [lcb.wa.gov](http://lcb.wa.gov). Using estimated consumption data and population data obtained from the office of financial management (OFM) population data, the liquor control board will determine the maximum number of marijuana retail locations per county.

The number of retail locations will be determined using a method that distributes the number of locations proportionate to the most populous cities within each county and to accommodate the medical needs of qualifying patients and designated providers. Locations not assigned to a specific city will be at large. At large locations can be used for unincorporated areas in the county or in cities within the county that have no retail licenses designated. ~~((Once the number of locations per city and at large have been identified, the eligible applicants will be selected by lottery in the event the number of applications exceeds the allotted amount for the cities and county. Any lottery conducted by the board will be witnessed by an independent third party.))~~

(2) The number of ~~((marijuana))~~ retail licenses determined by the board can be found on the ~~((liquor control board))~~ WSLCB web site at ~~(([www.liq.wa.gov](http://www.liq.wa.gov)))~~ [lcb.wa.gov](http://lcb.wa.gov).

(3) Any entity and/or principals within any entity are limited to no more than three retail marijuana licenses ~~((with no multiple location licensee allowed more than thirty three percent of the allowed licenses in any county or city.))~~

~~((4) The board will initially limit the opportunity to apply for a marijuana retailer license to a thirty day calendar window beginning with the effective date of this section. In order for a marijuana retailer license application to be considered it must be received no later than thirty days after the effective date of the rules adopted by the board. The board may reopen the marijuana retailer application window after the initial evaluation of the applications received and at subsequent times when the board deems necessary)).~~





# Washington State Liquor and Cannabis Board

## Legend

Counties increased by 75%	
Counties increased 100%	
Ban or Moratorium	

Jurisdiction	Allotments	Current or pending license	Proposed Additional Allotment	Total Proposed Allotment	Ban or Moratorium
Adams County					
At Large	2	0	1	3	
Asotin County					
At Large	2	2	1	3	
Benton County					
At Large	2	2	0	2	Moratorium
Kennewick	4	1	0	4	Ban
Richland	3	0	0	3	Ban
West Richland	1	1	0	1	Ban
Chelan County					
At Large	3	3	0	3	Moratorium
Wenatchee	3	2	2	5	
Clallam County					
At Large	3	3	2	5	
Port Angeles	2	2	1	3	
Sequim	1	1	1	2	
Clark County					
At Large	6	5	0	6	Ban
Battle Ground	1	1	1	2	
Camas	1	1	0	1	Ban
Vancouver	6	6	6	12	
Washougal	1	1	0	1	Ban

Columbia County					
At Large	1	0	0	1	Ban

Jurisdiction	Allotments	Current or pending license	Proposed Additional Allotment	Total Proposed Allotment	Ban or Moratorium
Cowlitz County					
At Large	3	3	3	6	
Kelso	1	0	1	2	
Longview	3	3	3	6	
Douglas County					
At Large	2	3	0	2	Moratorium
East Wenatchee	1	1	1	2	
Ferry County					
At Large	1	1	1	2	
Franklin County					
At Large	1	0	0	1	Ban
Pasco	4	3	0	4	Ban
Garfield County					
At Large	1	0	0	1	Ban
Grant County					
At Large	3	2	2	5	
Ephrata	1	1	1	2	
Moses Lake	2	2	1	3	
Quincy	1	0	0	1	Ban
Grays Harbor County					
At Large	3	3	2	5	
Aberdeen	1	2	1	2	
Hoquiam	1	1	1	2	
Ocean Shores	1	1	1	2	
Island County					
At Large	3	3	2	5	
Oak Harbor	1	1	1	2	

Jefferson County					
At Large	3	3	2	5	
Port Townsend	1	1	1	2	
Jurisdiction	Allotments	Current or pending license	Proposed Additional Allotment	Total Proposed Allotment	Ban or Moratorium
King County					
At Large	11	11	11	22	
Auburn (part)	2	2	2	4	
Bellevue	4	4	4	8	
Burien	1	0	1	2	
Des Moines	1	1	1	2	
Federal Way	3	4	0	3	Moratorium
Issaquah	1	1	1	2	
Kent	3	3	0	3	Ban
Kirkland	2	2	2	4	
Maple Valley	1	0	1	2	
Mercer Island	1	0	1	2	
Redmond	2	2	2	4	
Renton	3	3	3	6	
Sammamish	1	0	0	1	Ban
SeaTac	1	1	0	1	Ban
Seattle	21	27	21	42	
Shoreline	2	2	2	4	
Tukwila	1	0	1	2	
Kitsap County					
At Large	7	7	7	14	
Bainbridge Island	1	1	1	2	
Bremerton	2	3	2	4	
Kittitas County					
At Large	2	2	1	3	
Ellensburg	2	2	1	3	
Klickitat County					
At Large	3	2	2	5	
Goldendale	1	1	0	1	Ban

Lewis County					
At Large	4	3	3	7	
Centralia	2	2	1	3	
Chehalis	1	1	1	2	
Jurisdiction	Allotments	Current or pending license	Proposed Additional Allotment	Total Proposed Allotment	Ban or Moratorium
Lincoln County					
At Large	2	0	1	3	
Mason County					
At Large	4	4	3	7	
Shelton	1	1	1	2	
Okanogan County					
At Large	4	3	3	7	
Omak	1	1	0	1	Ban
Pacific County					
At Large	2	2	1	3	
Pend Oreille County					
At Large	2	1	1	3	
Pierce County					
At Large	17	17	0	17	Ban
Bonney Lake	1	1	0	1	Ban
Lakewood	2	2	0	2	Ban
Puyallup	2	2	0	2	Ban
Tacoma	8	9	8	16	
University Place	1	0	0	1	Ban
San Juan County					
At Large	0	0	0	0	
San Juan Island	1	1	1	2	
Lopez Island	1	1	1	2	
Orcas Island	1	1	1	2	

Skagit County					
At Large	4	4	4	8	
Anacortes	1	1	1	2	
Burlington	1	1	1	2	
Mount Vernon	3	3	3	6	
Sedro-Woolley	1	1	1	2	
Jurisdiction	Allotments	Current or pending license	Proposed Additional Allotment	Total Proposed Allotment	Ban or Moratorium
Skamania County					
At Large	2	2	1	3	
Snohomish County					
At Large	16	16	16	32	
Arlington	1	1	1	2	
Bothell (part)	1	1	1	2	
Edmonds	2	1	2	4	
Everett	5	5	5	10	
Lake Stevens	1	1	1	2	
Lynnwood	2	2	2	4	
Marysville	3	3	0	3	Ban
Mill Creek	1	1	0	1	Ban
Monroe	1	0	1	2	
Mountlake Terrace	1	1	1	2	
Mukilteo	1	0	1	2	
Spokane County					
At Large	7	7	7	14	
Spokane	8	8	8	16	
Spokane Valley	3	3	0	3	Moratorium
Stevens County					
At Large	4	3	3	7	
Thurston County					
At Large	6	6	6	12	
Lacey	2	2	2	4	
Olympia	2	2	2	4	
Tumwater	1	1	1	2	

Wahkiakum County					
At Large	1	0	1	2	
Walla Walla County					
At Large	2	2	0	2	Ban
Walla Walla	2	2	1	3	
Jurisdiction	Allotments	Current or pending license	Proposed Additional Allotment	Total Proposed Allotment	Ban or Moratorium
Whatcom County					
At Large	7	6	7	14	
Bellingham	6	6	6	12	
Ferndale	1	1	1	2	
Lynden	1	0	0	1	Ban
Whitman County					
At Large	1	0	1	2	
Pullman	3	3	2	5	
Yakima County					
At Large	6	5	0	6	Ban
Grandview	1	0	0	1	Ban
Selah	1	0	0	1	Ban
Sunnyside	1	1	0	1	Ban
Yakima	5	5	0	5	Moratorium
<b>Total</b>	<b>334</b>	<b>305</b>	<b>222</b>	<b>556</b>	<b>35</b>

# Estimating the Size of the Medical Cannabis Market in Washington State

Mark A.R. Kleiman, Steven Davenport, Brad Rowe, Jeremy Ziskind,  
Nate Mladenovic, Clarissa Manning, Tyler Jones

**December 15, 2015**

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## Executive Summary

There are three legal channels to obtain cannabis in Washington: the commercial outlets created by Washington Initiative 502 sell cannabis without requiring a medical recommendation; transactional medical cannabis outlets (called variously “dispensaries” or “collective gardens”) supply cannabis to those who have medical recommendations; and those with recommendations are allowed to home-grow. There is also a fourth, entirely illegal system. The overall size of the cannabis market and the shares accounted for by each channel change over time.

Under new legislation, the Washington State Liquor and Cannabis Board is responsible for incorporating medical cannabis into the I-502 system. In support of that decision-making effort, this report estimates the size (in dollars) of the transactional medical cannabis sector and its share of the overall market, along with the dollar volume of medical cannabis purchased by residents of each county.

There is considerable uncertainty in these estimates, for two reasons. First, the medical cannabis market is a moving target; there is substantial turnover in medical cannabis outlets, and in recent months the trend appears to be primarily downward as many outlets close in response to the changing regulatory climate. Second, even after reviewing the existing relevant literature and collecting original data, there remains a scarcity of data on Washington’s cannabis markets. This study has relied on sampling and modeling methodologies designed to reveal and measure feasible ranges of error and uncertainty.

Annual Market Values and Shares of Washington’s Markets (in \$M)

	Total	Medical	I-502	Illicit
Low	\$1,070	\$290	\$460	\$60
Best Estimate	\$1,330	\$480	\$460	\$390
High	\$1,610	\$690	\$460	\$740
Market Shares				
Low	100%	21%	28%	5%
Best Estimate	100%	37%	35%	28%
High	100%	55%	43%	48%

The transactional portion of the medical market is estimated to account for approximately \$290 - \$690 million per year (best estimate: \$480M), for between 21 and 55% (best estimate: 37%) of the \$1.33 billion total market revenues. That does not include any medical cannabis that is produced at home for own-consumption or non-commercial sharing. The current commercial market is estimated at \$460 million (35% of the total) with the remaining \$60-\$740 million (best estimate: \$390M) supplied by some combination of medical home growing and by illicit production. We have not estimated the extent of illicit diversion, e.g., resale of material purchased under medical recommendation.

## Introduction

In 2013, shortly after I-502 was enacted, the RAND Drug Policy Research Center estimated the size of Washington’s cannabis market at roughly 175 metric tons (MT) of cannabis (Kilmer et al., 2013). RAND did not estimate the market in dollar terms.

After implementation of I-502, the WSLCB has meticulously tracked cannabis moving through the licensed commercial supply chain, from farm to sale, monitored licensed business openings and closures, and made a “Weekly Cannabis Report” available to the public. The board has issued 214 retail cannabis licenses; 191 of those license-holders have reported sales. In October 2015, those retailers generated \$38 million in pre-tax sales.

The medical cannabis sector, however, has not been tracked. Medical cannabis retailers, (“collective gardens” or “dispensaries,”<sup>1</sup>) have not been required to obtain special licenses to operate or to register with any central record keeper, although medical cannabis retailers that make commercial sales are required to report their revenues to tax authorities, like any other business. During Fiscal Year 2014-2015, medical cannabis retailers reported nearly \$100 million in sales, but this is not a reliable number. For a variety of reasons, not all medical cannabis outlets report earnings to the Department of Revenue. Further, it is impossible to discern the number of dispensaries that fail to report revenues at all, or misreport the true value of their sales in tax filings. The number of medical consumers is also unknown because they are not required to register.

This report estimates (1) the portion of the overall statewide cannabis market served by transactional medical cannabis outlets, and the dollar value of those sales, and (2) the revenues of generated by medical cannabis sales to residents of each county.

A first draft of this report was submitted to WSLCB in mid-November and received substantial comments from the staff. Among the concerns expressed were the completeness of our census of outlets and the volume of cannabis that might be given away rather than sold. Some methodological adjustments were suggested, e.g., sampling more stores from County Group E. The staff also requested more detail on methods and models. This second draft of the report is intended to address those desires.

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<sup>1</sup> These words are not truly synonymous: those words have specific legal meanings and context, and thus are not entirely interchangeable.

## Work Plan

Producing the figures requires a series of steps:

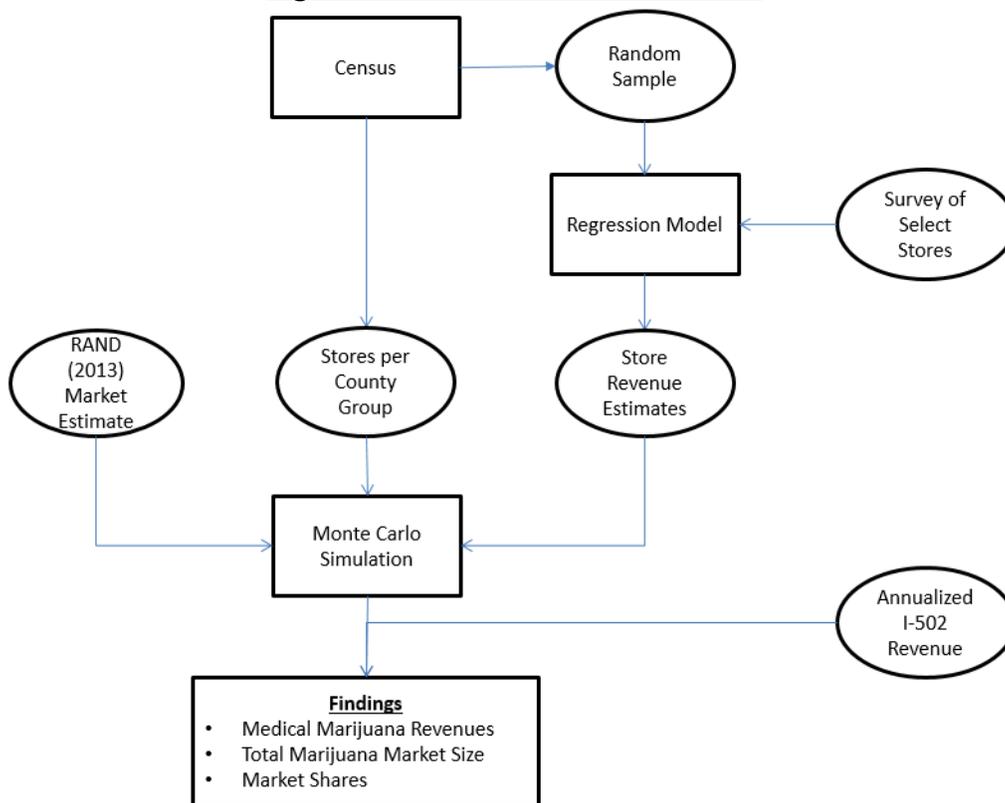
1. A comprehensive “census” of all active medical cannabis stores in Washington State.
2. A detailed survey about store characteristics and revenue, which was distributed to a select group of medical cannabis dispensaries.
3. A regression model that predicts revenues for any given medical cannabis store, based on a) the county in which that store resides, b) the length of the store’s storefront, and c) the number of hours that store is open weekly;

Given the uncertainties involved in any estimation process, especially one involving partly surreptitious activity, we used Monte Carlo simulation to estimate “confidence intervals” (error bands) around some of the estimates presented. That is, we used random variations in some of our assumptions to generate 10,000 possible outcomes, then used the average of those runs as our central estimates and the distribution of those outcomes to estimate the range of uncertainty around each estimate.

This approach allowed us to “scale up” the store-level revenue estimates produced by the regression model to county and statewide levels:

1. Update the 2013 RAND estimate for Washington’s cannabis consumption, to current-day size and convert it from metric tons (MT) to a dollar amount.
2. Estimate the current price-per-gram of usable cannabis sold in I-502 stores.

Figure 1. BOTEK Research Workflow



## Report Outline

The body of this report describes that methodology in greater detail. **Section 1** (“Estimate Cannabis Revenues from Medical Cannabis Dispensaries”) describes how we calculated the estimate for revenues for the medical cannabis market. That section includes the census of medical dispensaries, the survey distributed to a select sample of dispensaries, the regression model built from that data which estimates cannabis revenue for any given medical cannabis dispensary, and the Monte Carlo simulation that scales up store-level estimates to arrive at an estimate for the medical cannabis market, both for Washington State as a whole and for each of the state’s 39 counties.

**Section 2** (“Validate the Model and Ensuring Robustness of Results”) identifies possible threats to the validity of the regression model and the Monte Carlo simulation that were used to estimate the revenues of the medical cannabis sector. Much of this section consists of work that was conducted in December, including a “ground-truthing” effort that sought to further calibrate the regression model and a consideration of the prevalence of free or steeply-discounted medical cannabis.

**Section 3** (“Estimate the Market Value of All Cannabis Consumed in Washington”) begins with the 2013 RAND estimate, which was expressed in metric tons (MT). This report sought an estimate for the current market size in dollar value. Section 3 describes how our team used Monte Carlo simulation to make those adjustments to the 2013 estimate.

In summary, Section 1 provides an estimate for the revenues of medical cannabis stores in Washington State. Section 3 estimates the market value of all cannabis consumed by Washington State residents. Dividing the first number by the second expresses the market share occupied by medical cannabis stores (see Figure 2).

Figure 2. Medical cannabis market share calculation

$$\text{Medical cannabis market share} = \frac{\text{Medical cannabis revenues}}{\text{Value of all cannabis in Washington}}$$

**Section 4** (“Estimate Market Shares and Sizes for Various Cannabis Markets”) discusses that process. With the results of the previous steps in hand, this requires no more than division and subtraction.

**Section 5** (“Findings”) summarizes the results of the studies described above. Estimates are presented for the various sizes and shares of the medical cannabis markets, and demand for medical cannabis is disaggregated to the county level.

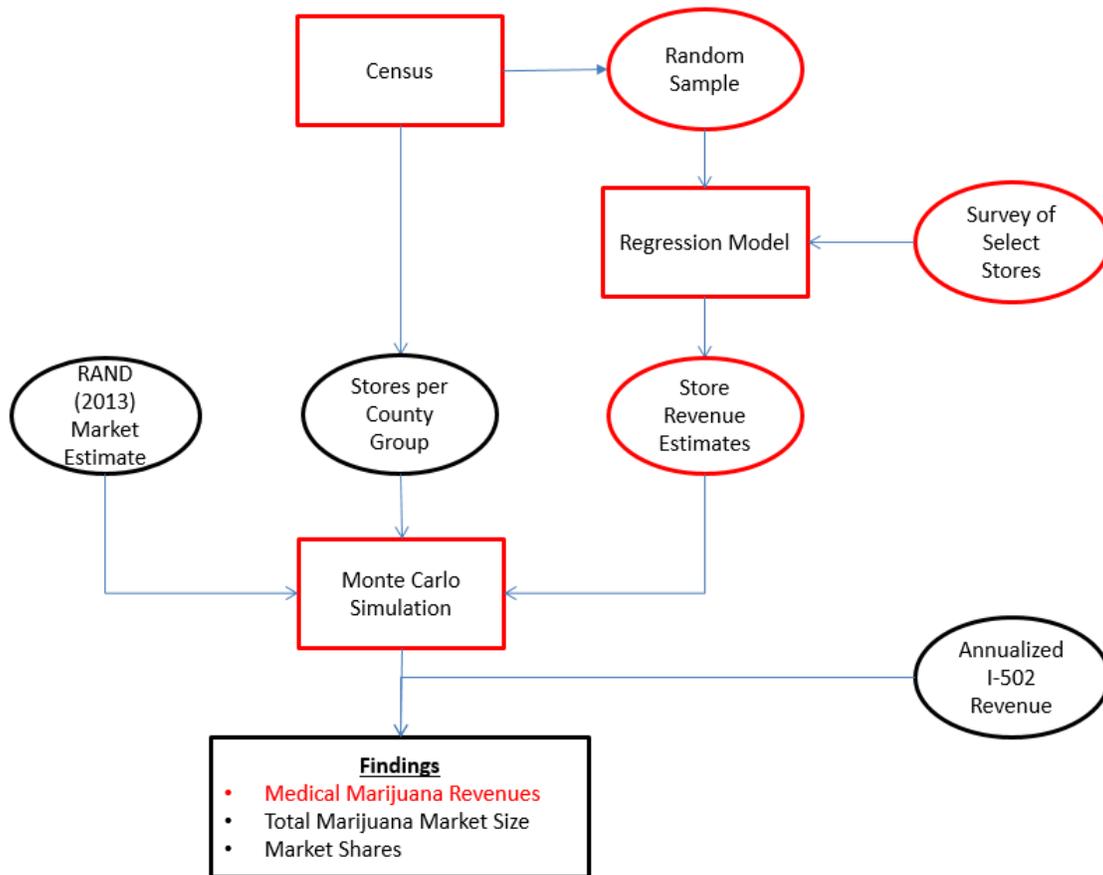
**Section 6** (“Conclusion”) discusses the implications of our findings.

### **Step 1. Estimate Cannabis Revenues of Medical Cannabis Stores**

The first step was to estimate medical cannabis revenues in Washington State. That required that we:

1. Build a “Census” of Active MMJ Dispensaries
2. Survey Selected Dispensaries to Build a Regression Model Predicting Store-level Revenue
3. Make Predictions for Revenue for Stores Randomly Selected from the Census
4. Make Predictions for MMJ Revenue on the County and State Level using a Monte Carlo Simulation

Figure 3. Research Workflow - Section 1



### Build a Census of Active MMJ Stores

In order to reason accurately from results on a sample of stores to the size of the overall market, we needed to know how many medical outlets there were statewide. Since these outlets have not been licensed or registered, this involved more than counting from official lists.<sup>2</sup>

Over the past few years, the staff of the Washington State Department of Revenue have made a concerted effort to identify medical cannabis sellers among tax-reporting businesses.<sup>3</sup> That list includes 474 identified medical cannabis sellers who

<sup>2</sup> BOTE staff have heard rumors of reports that counted as many as 800 medical cannabis stores statewide, but they have yet to be confirmed. <http://www.bloomberg.com/news/articles/2015-01-07/price-of-legal-pot-plunges-40-in-washington-as-shortages-ease>.

<sup>3</sup> Businesses who report revenues to the DOR self-identify with an NAICS code. There is no NAICS code specific to medical cannabis sellers. The vast majority of stores on the DOR-kept list (403) filed under NAICS code 446191 (Food [Health] Supplement Stores); the remaining stores were split between other codes such as NAICS 325411 (Medicinal and Botanical Manufacturing), codes 54, 56, and 62 (various service industries), NAICS 111 (Crop Growing), and NAICS 4245 (Farm Product Merchant Wholesalers). In 2014, DOR staff began assigning new NAICS codes to known medical

reported taxable retail sales at some point over the past two years (during Fiscal Year 2014 and Fiscal Year 2015). As recently as September 2015, the Washington State Institute for Public Policy identified 419 medical cannabis businesses (from the DOR list) that could be geographically located with certainty.<sup>4</sup> However, these lists are likely to omit some retail outlets (ones that do not report revenue to DOR) while including others no longer in business.

In some municipalities, medical cannabis businesses are required to register with the city. These municipalities keep lists of registered medical cannabis businesses, but because these policies are not instituted statewide, they cannot be aggregated to yield a statewide estimate. It is also possible that some stores operate without filing the required registration documents.

We attempted to create a census of medical cannabis businesses in the face of the challenges posed by rapid turnover in the industry (especially among outlets that applied for license but were assigned “Priority 3” status) and the distrust of some participants for officially sanctioned data-collection efforts.

In an effort to identify as many potentially active stores as possible, BOTECH researchers used a “big tent” approach, consulting a variety of different data sources. Stores that were identified as potentially operating were then subjected to validation methods to ensure that they were still operating. Additional efforts were made in response LCB staff comments on an earlier draft.

### **The “Round 1” Census**

Many cannabis businesses use online advertising to attract customers. There are two leading “Yelp”-style websites that list cannabis businesses (medical or otherwise) in Washington State: Leafly.com and WeedMaps.com. Both websites solicit operators of medical cannabis businesses to self-submit their stores for display on their website. Both Leafly.com and WeedMaps.com allow store listings free of charge; however, Leafly.com also has a tiered subscription system for access to premium services such as posting a menu online.

BOTECH researchers built a computer program that “scraped” both of these websites to identify the name, location, and contact information of all listed medical cannabis stores. Researchers also gathered existing lists of medical cannabis dispensaries. Three lists were found, two from publically available blogs (Stuffstonerslike.com and theweedblog.com) and one private list created and maintained by an industry insider.

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cannabis businesses: 446191 for retailers, 111419 for growers, 325411 for manufacturers, and 424590 for wholesalers.

<sup>4</sup> [http://www.wsipp.wa.gov/ReportFile/1616/Wsipp\\_I-502-Evaluation-Plan-and-Preliminary-Report-on-Implementation\\_Report.pdf](http://www.wsipp.wa.gov/ReportFile/1616/Wsipp_I-502-Evaluation-Plan-and-Preliminary-Report-on-Implementation_Report.pdf)

After identifying all potential stores, each listing was validated to ensure that it was actively operating and actually located in Washington State. In order to qualify as “actively operating,” stores had to show some sign of activity (e.g., a social media post or website update) in the past 12-month period and have no evidence of recent closure. Sources used to ensure stores were “actively operating” were, in order of preference, the official store website, store social media accounts, store page on commercial websites (e.g., Leafly or Weedmaps), and directly contacting stores.

Stores that met the actively operating criteria were classified as “verified.” Stores that met all “actively operating” criteria except for activity in the past 12-month were classified as “unverified.” Neither category can conclusively declare a store as open or closed; there is some inherent uncertainty. Some verified stores may nonetheless have closed at some point in the past 12 months; similarly, some unverified stores may remain operating but with little advertising or online presence.

The first round of the BOTEC census identified 333 operating medical cannabis stores in Washington State, significantly fewer stores than were identified by WSIPP or the DOR (419 and 474, respectively).<sup>5</sup> The first round of the BOTEC census was completed in mid-November.

## **The “Round 2” Census**

As part of an effort to ensure the reliability and comprehensiveness of the census, in early December BOTEC researchers began a second round of work. The “Round 2” census made an expanded effort to locate previously undiscovered medical cannabis businesses, and also to subject the “Round 1” census to an enhanced level of scrutiny. To do so, the BOTEC team undertook several new methods.

A total of seven additional sources were identified for the Round 2 methodology:

1. Rejected I-502 retail applicants
2. Applicants for retail cannabis licenses granted Priority 1 or 2
3. Municipal registries of medical cannabis stores
4. Additional web searches (e.g., Google Maps, Yelp)
5. An additional proprietary list of stores (Headshopfinder.com)
6. Member lists of industry organizations (e.g., CCSE, NCIA)
7. Direct requests from contracted workers within an industry group.

Only three sources revealed new information: the list of applicants for medical cannabis retail licenses who were granted Priority I or III; Headshopfinder.com; and the registries of medical dispensaries from municipal governments. City government registries were the most productive new resource. We received lists from Olympia (11 shops), Bellingham (11 shops), Spokane (6 shops), Port Angeles

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<sup>5</sup> 474 businesses were identified in round 1, but only 333 (74%) were validated as still open.

(5 shops), Tacoma (65 shops), and Seattle (105 shops) for a grand total of 203 shops. Out of these 203 shops, there were 51 new locations, the majority of which (28) were from Tacoma.

Headshopfinder.com, a website that charges users for access to its proprietary database of cannabis and cannabis paraphernalia stores around U.S., contained records for 487 medical cannabis stores in Washington. However, after removing misclassified shops (e.g., I-502 shops and doctors who prescribed medical cannabis) only 22 shops not captured in the first census were found.

Finally, BOTECH researchers were granted access to the list of applicants for retail licenses. A review of that list identified four stores that showed some indications of operating; three were verified, and one was added to the census as an unverified store.

A summary of the new data sources consulted and results are provided below.

**Figure 4. Summary of Round Two Census-Building Efforts**

<b>Data Source</b>	<b>Collection Methodology</b>	<b># Businesses Examined</b>	<b># new stores (verified)</b>	<b># new stores (unverified)</b>
Rejected I-502 Applicants (LCB): random sample of 100 stores	Randomly selected 100 businesses	100 <sup>6</sup>	0	0
Municipal registries (Seattle, Tacoma, Bellingham, Olympia, Spokane, and Port Angeles)	Checked all listings in all cities with known registries	203	25	26
Headshopfinder.com	Checked all listings on the proprietary list	487	7	15
Google Maps	searched for "cannabis stores" and "medical cannabis"	100 (approx.)	0	0
Yelp	searched for "cannabis stores" and "medical cannabis"	100 (approx.)	0	0
Member lists of industry organizations (CCSE, NCIA)	checked publicly-displayed members	15 (approx.)	0	0
Retail Priority I and II applicants (LCB)	checked all applicants	58	3	1

<sup>6</sup> Due to our limited timeframe, checking all 1909 applicants was not feasible.

Coalition for Cannabis Standards and Ethics (CCSE)	Staff were invited to add any missing stores	Entire BOTEK list	0	0
<b>All</b>		<b>1063</b>	<b>35</b>	<b>42</b>

Extra validation methods were also added to the Round 2 methodology. The draft “round 2” census was shown to staff from the Coalition for Cannabis Standards and Ethics (CCSE) for an opportunity for them to add any missed stores or identify any stores that had since closed. CCSE staff did not have any stores to add, but they identified 15 stores on the draft census that had closed operations within the past year.

Some businesses initially thought to be medical cannabis stores were later identified as “farmer’s markets.” Because farmer’s markets house multiple sellers, it might be expected that they would have substantially larger revenues than estimated from the regression model, which was fit only to traditional dispensaries. A statewide search for farmers markets revealed at least six thought to be in operation, each with between seven and 31 vendors.<sup>7</sup> Although it seems likely that the regression model is under-estimating revenues for these farmer’s markets, they appear to be relatively limited in number and so the net effect on the market size estimate would be modest.

Overall, BOTEK analyzed nearly 1400 unique name-address combinations. Of these, many were duplicates, closed, or misclassified (i.e., recreational, medical referral services, or “headshops”). As a result of the “Round Two” efforts, the BOTEK list of verified shops decreased slightly from 333 to 331. The number of unverified (“maybe”) shops declined from 116 to 72 due to a combination of more thorough verification process and an increased number of stores with definitive evidence of closure.

Figure 5. Number of stores by county group

County group <sup>8</sup>	BOTEK Census (Round 1)	BOTEK Census (Round 2): Verified Only	BOTEK Census (Round 2): Verified + Unverified	Department of Revenue Registry
A (King)	120	101	129	169
B	95	106	135	108
C	70	75	83	116
D	29	28	34	45
E (Least dense)	19	21	22	36
<b>Overall</b>	<b>333</b>	<b>331</b>	<b>403</b>	<b>474</b>

<sup>7</sup> Some of these vendors only sell glass and other accessories.

<sup>8</sup> See Figure 7 for a list of counties in each group.

Even after Round 2, the BOTEC census remains substantially smaller than the list of tax-paying medical cannabis dispensaries from the DOR. There are some reasons to trust that the BOTEC census is a more accurate count of currently operating medical cannabis stores.

The BOTEC estimate specifically excluded stores that were known to have shuttered their doors. In contrast, the list of businesses maintained by the Department of Revenue includes all businesses that paid taxes within a 2-year window, beginning in mid-2013. It seems possible that many businesses that filed taxes within that period have since closed. After the passage of Initiative 502, there was a surge in openings of medical cannabis outlets; former WSLCB Deputy Director Randy Simmons speculated that many new entrants opened medical cannabis stores mainly in hopes of increasing their chance of obtaining a retail license for the I-502 market.<sup>9</sup> It may be that those business operators, many of whom were denied retail licenses, shut their businesses in the years after. BOTEC's social media verification revealed many stores that were closed or in the process of closing that still had active business licenses.

The wide range of methodologies used by the BOTEC census, particularly in Round 2, builds further trust in that results. It is difficult to imagine that many stores operate in Washington State without an online presence on the two major dispensary-locator websites (or an online presence altogether), and one would suspect that any stores without such presence would have relatively smaller revenues.

Comparing the geographic distribution of medical cannabis businesses across the Department of Revenue Registry and the BOTEC census reveal similarities. The proportion of stores in each of the five county groups compared to the total number of stores in the state was similar across both (BOTEC and DOR) lists. The one exception to this is Group B, which has a higher than expected proportion of shops. This is due partly to the extensiveness of the list maintained by Tacoma's government, as their city list provided over half of the additional "Round 2" stores in our sample, and many of these stores were listed by the city as "Priority 3 or Closed."

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<sup>9</sup> Former WSLCB Deputy Director Randy Simmons conjectured that many stores opened after the passage of I-502 in hopes that it would help them earn I-502 retail licenses (Young, 2015).

Figure 6. Stores in county groups as a percentage of total

County Group <sup>10</sup>	DOR Percentages	BOTEC Census (Verified + Unverified)	BOTEC Census Verified Only
A (King)	36%	32%	31%
B	23%	34%	32%
C	24%	21%	23%
D	9%	8%	8%
E (least dense)	8%	5%	6%

### Survey Selected Stores to Build a Regression Model that Predicts Store Revenue

A core component of the methodology to estimate medical cannabis revenues is to construct a regression model that, given certain characteristics of a store, could estimate that store’s sales revenue. To build such a model, BOTEC researchers needed a small group of medical cannabis store owners who were willing to provide 1) sensitive information about their store’s revenues and 2) certain objective measurements for their store. Once collected, that data would serve as the basis for a regression model that would then predict revenues for other stores outside of this survey.

BOTEC researchers identified a group of 42 medical cannabis dispensaries that agreed to disclose their revenues on a confidential basis. We also collected observable characteristics, such as their operating hours and the linear footage of the front side of the building (“storefront width”), for each outlet. Although the outlets providing those data were not a truly representative sample, they were diverse in size and geography.

In order to protect their anonymity while collecting information on these dispensary locations, BOTEC first sorted Washington’s 39 counties into groups by population and then asked respondents to identify the county group in which their store was located. Some smaller counties are home to only one or two dispensaries so asking for the actual county could compromise anonymity and create a disincentive for the dispensaries to respond truthfully. Counties were sorted by population density and arranged into five groups defined by the counties’ population densities in relation to that of King County, which is Washington's most populous county.

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<sup>10</sup> See Figure 7 for a list of counties in each group.

Figure 7. County Groups

County Category	Criteria	Counties	# Stores Surveyed
Group A	At least 75% of King County's population density <sup>11</sup>	King	12 <sup>12</sup>
Group B	Less than 75%...	Clark, Kitsap, Pierce	7
Group C	Less than 50%...	Island, Snohomish, Spokane, Thurston	14
Group D	Less than 20%...	Benton, Cowlitz, Franklin, Mason, San Juan, Skagit, Whatcom, Yakima	6
Group E	Less than 5%...	Adams, Asotin, Chelan, Clallam, Columbia, Douglas, Ferry, Garfield, Grant, Grays Harbor, Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Okanogan, Pacific, Pend Oreille, Skamania, Stevens, Wahkiakum, Walla Walla, Whitman	3

The survey recipients were asked a wide range of questions regarding revenue or observable characteristics that might plausibly relate to revenue. Revenue questions included annual sales revenue in 2014; sales revenue in the most recent month on record, both in dollars and also relative to the same month in 2014; the change in annual revenue from 2014 to 2015; and what portion of revenue accrued from the sale of non-cannabis purchases. Questions related to observable characteristics included weekly operating hours, the property's square footage, and the property's linear footage ("storefront width").

Next, that data was used to fit a regression-based model that would predict store revenues based on characteristics of that store that could be externally observed. This would allow BOTECH researchers to estimate the revenue for stores without relying on the honesty or cooperation of that store's owners.

Before fitting the model to the data, BOTECH researchers analyzed the data for signs of inconsistency or dishonesty. The results were reassuring. As would have been expected from honest answers, sales revenue in the most recent month showed

<sup>11</sup> American Community Survey: 2011-2013.

<sup>12</sup> One of the stores surveyed in County Group A was discarded on account of showing unusually and uniquely low revenue figures for the hours open and revenue.

strong correlations with annual sales revenue in 2014 (correlation = 0.93) and estimated number of transactions per day (0.87).

Predicting sales revenue based on externally observable features of a store requires there to be a strong statistical relationship between the dependent variable (revenue) and any given independent variable. BOTEC researchers found strong relationships between revenue and a store's number of weekly operating hours (correlation = 0.47) and the width of its storefront (0.44).

Based on the strength of those patterns, BOTEC researchers fit a regression model to that data. The model was fitted using GLM (generalized linear model) that included county category-fixed effects, storefront width, hours of operation, and interactions of these terms. That data suggested a model using the following functional form:

$$\text{Revenue}_i = b_0 + \alpha(\text{county category}_i) + b_2(\text{storefront width}_i) + b_3(\text{hours of operation}_i) + \phi(\text{county category}_i \times \text{hours of operation}_i)$$

While this regression model was capable of predicting revenue for any single store, the questions asked by the Liquor and Cannabis Board required BOTEC to estimate the revenues of the entire medical cannabis market, consisting of several hundred of these stores. Rather than taking measurements and making predictions for every single one of those stores, BOTEC researchers instead predicted the revenues for a smaller random sample of stores, as described below.

### **Estimate Revenue for a Sample of Stores Selected Randomly from the Census**

The above sections detail how BOTEC constructed a census of all medical cannabis stores and built a regression model that could estimate a store's revenues based on that store's hours, storefront width, and county. The next steps are to 1) take a random sample of stores from the census, 2) measure those stores for hours and storefront width; and 3) apply the regression model to estimate the total revenues for the group of stores in the random sample.

Stores were sampled from the census according to a stratified random sampling model by county group (i.e., County Groups A-E). In each county group, approximately one-third of all stores were sampled.<sup>13</sup>

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<sup>13</sup> The first round of sampling was done as to reflect exactly 1/3 of stores in each county group. However, several stores were removed or added to the BOTEC census after before the second round of analysis, and so the proportions no longer equal exactly 1/3 of each county group.

Figure 8. Dispensary sampling – stratified random sample (SRS)

County group	Number of Outlets found in BOTEC census	Number of Validated Outlets in Random Sample	Number of Validated Outlets from Survey	Validated Dispensaries in Random Sample + Dispensaries from Survey
A	101	35	12	47
B	106	28	7	35
C	75	22	14	36
D	28	8	6	14
E	21	10	3	13
<b>Overall</b>	<b>331</b>	<b>103</b>	<b>42</b>	<b>145</b>

Stores that happened to be randomly selected were then measured for storefront width (using Google Earth) and weekly hours of operation. Each store had its storefront width measured using Google Earth. The store’s operating hours were determined by the following actions (in order of preference): reading directly from the store’s website, recording reported hours from a cannabis outlet aggregator (e.g., Weedmaps.com), or from a retail outlet aggregator (e.g., Yelp.com), or by calling the store directly.

Some dispensaries selected for the sample could not be adequately measured or were later deemed ineligible due to outdated images, depictions that were too far away from the storefront to confirm the existence of the shop, or shops existing within larger buildings where their storefront could not be measured. Ultimately, 153 stores were selected into the stratified random sample (SRS) of which 103 were deemed eligible. For each discarded store, another store was sampled randomly from the same county group, in keeping with the objective of sampling 1/3 of stores in each county group.

After sampling was completed, BOTEC researchers applied the regression model to estimate the average monthly revenues of the stores sampled from each county group. Because the model cannot be expected to estimate every store perfectly, lower and upper bounds were also calculated, based on a 95% confidence interval. (These estimates were later subjected to “ground-truthing”; see section two.) Estimates for the average monthly revenue per store are shown below:

Figure 9. Estimates for Average Monthly Revenue of Stores in the Random Sample

		<b>Low</b>	<b>Medium</b>	<b>High</b>
<b>Estimated Average Monthly Revenue per Store (\$000)</b>	County Group A	55	95	135
	County Group B	9	103	219
	County Group C	39	82	127
	County Group D	52	65	79
	County Group E	16	19	21

## Estimate County-level MMJ Revenue Using a Monte Carlo Simulation

Above, BOTECH researchers used a regression model to estimate revenues for a representative sample of medical cannabis dispensaries belonging to five different groups of counties in Washington State. BOTECH researchers also estimated the total number of active, operating medical cannabis stores in Washington State, which can be broken down to the county group-level.

Next, in order to arrive at an estimate for total medical cannabis revenues in Washington State, BOTECH researchers would input these as parameters (along with some assumptions, backed by existing research where possible) into a Monte Carlo simulation.

A Monte Carlo simulation is a type of model that allows for random variation in its input parameters. Each parameter is described as a certain type of random variable, characterized by an expected value and often an upper or lower bound. Because of that randomness, each time a Monte Carlo simulation is run, it will come up with a different answer. To make a reliable estimate, we run our Monte Carlo simulation 10,000 times, producing a distribution of possible outcomes. We can then make a “best estimate” by looking at the median or average trial, and can establish uncertainty bounds by looking at more extreme trials (often the lowest and highest 5%). This method has been used successfully to compute cannabis market sizes in Washington State (Caulkins et al., 2015 and Kilmer et al., 2013).

The simulation was prepared by selecting ranges of uncertainty in key variables, using parameters indicating the low, medium, and high estimates. Note that even the number of stores in each county was considered an uncertain quantity, given the lack of a single authoritative data source on the existence of medical cannabis dispensaries. Some of the uncertain parameters are shown below.

Figure 10. Assumed Distribution of Uncertain Parameters for Monte Carlo Simulation

<b>Quantity</b>	<b>Low</b>	<b>Mid</b>	<b>High</b>	<b>Distributional assumption</b>
Stores in County Group A	91	101	129	Triangle <sup>14</sup>
Stores in County Group B	95	106	108	
Stores in County Group C	68	75	83	
Stores in County Group D	25	28	34	
Stores in County Group E	19	21	22	
Monthly variability in reported revenue	0.75	1	1.2	Triangle <sup>15</sup>
Cannabis product share of total revenue	0.7	0.98	1	Triangle <sup>16</sup>
Impact of delivery services	1	-	1.25	Uniform

*Choose Parameters for the Monte Carlo Simulation*

The input parameters to the Monte Carlo simulation were informed by existing research or original data collection performed by BOTEC. In some cases, parameters were directly informed by that research; in other cases, the connection is indirect, as BOTEC researchers made assumptions appeared most reasonable given what is known about cannabis markets in Washington State.

Some of the data sources referenced include BOTEC’s initial survey of medical cannabis dispensaries; BOTEC’s census of medical cannabis stores; the Cannabis Consumption Survey, initially conducted by RAND for the WSLCB (Kilmer et al., 2013); RAND’s “What America’s Users Spend on Illicit Drugs” (WAUSID) report; and data retrieved from the Liquor and Cannabis Board’s “Weekly Marijuana Dashboard”.

*Number of medical cannabis stores per county group*

BOTEC’s census of medical cannabis stores is used as a primary source of inputs into the Monte Carlo simulation regarding the number of stores per county group. The “Round 2” census included both a section of “verified” stores that showed definite signs of operation within the past 12 months, and “unverified” stores that were known to operate at some time but could not be conclusively demonstrated to have operated within that time period. Still, even verified stores might have closed in recent months, and the observations made by BOTEC researchers while compiling

<sup>14</sup> High estimates combine the BOTEC verified and unverified census. Middle estimates are the count from the BOTEC verified census. Low estimates are 90% of the middle estimates.

<sup>15</sup> Low and high are plugs based on convenience sample responses.

<sup>16</sup> Low and high are plugs based on convenience sample responses.

the census indicate that many medical cannabis stores have closed within the past few months, with some closing even between the first and second rounds of the census.

The random variable governing the number of stores in each county group is modeled as a triangular random variable, with upper and lower bounds and a middle “best estimate”. The upper bound is equal to the number of stores identified in the combined BOTEC census, including both verified and unverified stores. The middle bound estimate is set to the count of verified stores in the BOTEC census. The lower bound is set to 90% of the count of verified stores, and is intended to represent the scenario that many of the stores detected in the verified census have since ended operations.

### *Average Monthly Revenues per Medical Cannabis Store*

Estimates for the monthly revenue per each store are informed by the regression model’s estimates for the stores that were selected into the stratified random sample. An estimate is made for each of the five county groups. Because the errors from a regression model are generally modeled under a normal (“mound-shaped”) distribution, the estimated revenues for stores are distributed in that same fashion. (Note: the accuracy of these estimates are reviewed as part of the ground-truthing exercise described in section 2, and in response an adjustment factor is introduced.)

### *Price-per-gram for Cannabis in Washington State*

There has not been any recent research that estimated the average price of cannabis specific to Washington State; however, estimates are available for the average price on the national level. According to a RAND report titled “What America’s Users Spend on Illegal Drugs 2000-2010” [WAUSID] (Kilmer et al., 2014), the national average price-per-gram of cannabis was \$7.11. That may be taken to be a reasonable estimate for the price of cannabis in Washington’s illicit market and medical market.<sup>1718</sup>

But cannabis sold in Washington’s I-502 system is more expensive, even pre-tax. In October 2015, I-502 stores reported \$38 million in sales revenues<sup>19</sup> and 3.6 MT of usable cannabis sold. From these figures alone, one cannot calculate the average price-per-gram for I-502, because I-502 stores derive a significant amount of

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<sup>17</sup> On one hand, one might expect Washington’s black market cannabis to be cheaper than the national average, due to an abundance of producers and retailers operating at economies of scale; on the other hand, one might expect it to be more expensive, since Washington has more potent cannabis than average. These two considerations work in opposite directions, and so the net effect is assumed to be neutral.

<sup>18</sup> In the first draft of the BOTEC report, this figure was taken to represent *all* cannabis sold in Washington; the new methodology represents an added layer of complexity.

<sup>19</sup> The LCB reports that in October 2015, I-502 stores sold \$38 million in marijuana.

revenue from the sale of other (non-usable) forms of cannabis; namely, cannabis-infused products and concentrates. BOTEC's non-representative survey of medical cannabis dispensaries (discussed in Step 1) asked stores what percentage of their revenues were derived from usable forms of cannabis; the average response was 60%. Assuming that the revenue share of useable versus non-useable cannabis is somewhat similar across medical cannabis stores and I-502 stores, then a reasonable range for the portion of revenues that I-502 stores derive from usable cannabis is 50% to 70%. Taking the lower bound (50%) would imply that I-502 stores derive \$19M in revenue from October sales of useable cannabis, and therefore a price-per-gram of useable cannabis of \$5.26 (pre-tax);<sup>20</sup> the upper bound suggests \$26.6M in useable cannabis revenues, for \$7.36 per gram. This yields a reasonable range of \$5.26 to \$7.36 for the price-per-gram (pre-tax) of cannabis on the I-502 market.

Combining these two estimates for the average prices (for Washington's illicit and medical markets on one hand and Washington's I-502 market on the other hand) can be done by way of a weighted average. Specifically, the average can be weighted according to the market share (in metric tons) of Washington's I-502 market versus its other markets. This in turn requires having an estimate for the total amount of cannabis consumed in Washington State. A 2013 RAND study offered a best estimate of 175 metric tons; to update this for 2015, it is assumed that cannabis consumption increased by 10%, yielding a new estimate of 192.5MT. (Note: that methodology is covered in more detail in Section 3.)

Under one scenario, if the I-502 stores sold cannabis at an average of \$7.36 per gram pre-tax (or \$7.36M per metric ton), then I-502 sales would amount to 62 MT of cannabis, and the remaining 130.5 MT would accrue to the black and medical cannabis markets; the weighted average price-per-gram for the cannabis in all markets would equal \$7.19.<sup>21</sup> Alternatively, if I-502 stores sold at \$5.26 per gram (pre-tax), then I-502 sales would amount to 87 MT, and the weighted average price for all of Washington State would equal \$6.28.

Accordingly, for input into the Monte Carlo simulation, BOTEC researchers assigned Washington's average price-per-gram a lower bound of \$6.28, an upper bound of \$7.19; the random variable was drawn assuming a uniform distribution. As a validity check, using data from PriceOfWeed.com, the weighted average of reports in Washington was \$7.34 per gram.<sup>22</sup>

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<sup>20</sup> I-502 retailers showed \$38M in pre-tax sales in October.  $\$38M \times 50\% = \$19M$ .  $\$19M / 3.6$  million grams = \$5.26 per gram.

<sup>21</sup>  $[(\$7.36 \times 62 \text{ MT}) + (\$7.11 \times 130.5\text{MT})] / 192.5\text{MT} = \$7.19$

<sup>22</sup> Priceofweed.com reports this price per ounce, as does WAUSID, but we scale this to the gram level for the sake of clarity. Note that the ounce-to-gram conversion is done without accounting for possible volume discounts due to lack of necessary data for such a calculation.

[As an adjustment to the Round 1 figure, which assumed \$7.11 for the entire market, in Round 2 we have allowed for two separate prices: one for the I-502 market (derived from the LCB data) and another for the black/medical markets].

**Figure 11. Calculating weighted average price per gram in WA**

	<b>Value</b>	<b>Low Est.</b>	<b>High Est.</b>
Estimated amount of WA Cannabis consumed monthly (RAND estimate (175 MT/yr) + 10% growth * 1/12)	16 MT	-	-
Pre-tax revenue of I-502 Stores (Oct. 2015)	\$38M	-	-
Assumed portion of I-502 revenues consisting of useable cannabis <sup>23</sup>	-	50%	70%
Implied I-502 revenues from useable cannabis (Oct. 2015)	-	\$19M	\$26.6M
Useable Cannabis sold by I-502 stores (Oct 2015)	3.6 MT	-	-
Price per gram I-502 (LCB) (\$M / MT)	-	\$5.26	\$7.36
Implied MT from I-502 (Oct. 2015) (revenues / price-per-gram)	-	7.25 MT	5.2 MT
Price per gram in medical and illicit market (WAUSID, 2010)	\$7.11	-	-
Implied MT from medical/illicit markets (Oct 2015)	-	8.8 MT	10.9 MT
<b>Weighted average price per gram in WA</b>	-	<b>\$6.28</b>	<b>\$7.19</b>

### *Miscellaneous Parameters*

Revenue from delivery services and other unreported medical sources were estimated to account for - at most - 25% of other medical cannabis sales.<sup>24</sup>

Because the model used county groups, not individual counties, as units of analysis, its output could only predict county-group-level revenues. Breaking down that data into individual counties required additional steps. Due to the small number of stores in some counties and difficulties inherent in collecting data from those stores, it would be difficult make an econometrical model. Instead, BOTECH researchers allocated country group revenues according to each constituent county's population-weighted share of past-month (PM) cannabis users, as had been identified by RAND's 2013 research.

<sup>23</sup> BOTECH's survey of medical cannabis outlets showed an average portion of revenues for non-usable cannabis of 57%, roughly the middle of the range here.

<sup>24</sup> This estimate has not been empirically verified; it was provided by industry insiders we conferred with. A more accurate understanding of this portion of the market would require further study.

The simulation also considers the portion of revenues from medical cannabis stores that consist of sales of cannabis rather than paraphernalia, based on responses from the survey of select dispensaries. Because the vast majority of stores reported negligible portions of revenues from paraphernalia and other non-cannabis products, this is modeled as a triangular random variable with a lower bound of 70%, and best estimate of 98%, and an upper bound of 100%.

Monthly variation in revenues is also considered. Again, sourcing from responses to the survey of select stores, monthly variation is modeled as a triangular random variable with a lower bound of 0.75, a best estimate of 1, and an upper bound of 1.2.

## **Step 2. Validate the Model and Ensure Robustness of Results**

The methodology described in this report is relatively complex. Due to the scarcity of objective and comprehensive data on Washington's medical cannabis market, BOTEC researchers designed a combination of various estimation and modeling techniques, each with their own sets of assumptions and sensitivities. To ensure that BOTEC's results would be robust to miscellaneous aspects of that market, BOTEC conducted a series of validation techniques that it applied to the model and its results.

### **Ground-Truth and Adjust the Regression Model's Revenue Estimates**

BOTEC's estimate for the annual cannabis revenues of Washington's medical cannabis sector rely heavily on the regression model that was built to predict store revenues, based only on that store's storefront width, operating hours, and location.

If that regression model were systematically under- or over-estimating store revenues, then BOTEC's estimate for the size of the medical cannabis market would similarly err in that direction.

In order to protect against that possibility, BOTEC researchers conducted a "ground-truthing" exercise. The exercise allowed BOTEC researchers to verify the estimates made by the regression model. For each of the over 100 stores that were selected into the stratified random sample, and whose revenues were estimated by the regression model, BOTEC researchers directly contacted the owners of those stores to request their actual revenues for the month of October. Comparing store's actual revenue figures to what was predicted would then give an indication as to whether the regression model had any directional bias and the limits of its precision.

The results of the ground-truthing exercise were mixed. Overall, the past-month revenues reported by stores tended to be higher than the revenues estimated by the regression model. The data was analyzed as to record the average predicted and reported revenue for stores who responded, grouped by county group. When these

results were weighted according to the number of verified stores in each county group, the regression model predicted on average only 64% of reported revenues.

Figure 12. Results of the Ground-Truthing Exercise

County Group	Reported	Estimated	“Capture” Rate	Inflator
A	\$17,335,703	\$9,121,563	53%	1.9
B	\$15,113,833	\$12,366,667	82%	1.2
C	\$9,805,398	\$7,602,273	78%	1.3
D	\$4,340,000	\$1,400,000	32%	3.1
E	\$1,680,000	\$420,000	25%	4.0

But the ground-truthing results should also be interpreted with some caution. There is some imprecision at hand. To protect the anonymity of store operators, revenue reports were solicited in ranges, and revenue estimates were averaged across groups. Calculating the average reported revenue then required taking the midpoint of those ranges.

Further, sample size was small. Of the 87 open stores that were solicited, 47 responded (54%). Nor could these stores be trusted to be random. If the stores who decided to respond to the ground-truthing survey were similar in some systematic fashion, then there is a possibility that the regression model performed better (or showed opposite bias) in stores that did not respond.

To correct for this apparent underestimation, BOTECH researchers sought to adjust the Monte Carlo simulation to compensate. Because both the ground-truthing exercise and the original regression model represent valuable data points, BOTECH researchers elected to include both in the Monte Carlo simulation. In order to weight each equally, a random variable for the inflator is modeled as a uniform distribution; the lower bound gives full weight to the regression estimate, while the upper bound gives full weight to the reported revenue discovered from the ground-truthing exercise.

Figure 13. Adjusting the Monte Carlo Simulation for Ground-Truthing Results

	Quantity	Low	Medium	High	Random Value	Description of RV
Estimated Average Monthly Revenue per Store (\$000) (from regression model)	County Group A	55	95	135	63	Normal; low & high are 2.5% and 97.5% percentiles
	County Group B	9	103	219	145	
	County Group C	39	82	127	67	
	County Group D	52	65	79	63	
	County Group E	16	19	21	20	
Inflator from Ground Truthing	County Group A	1		1.9	1.47	Uniform
	County Group B	1		1.2	1.15	
	County Group C	1		1.3	1.24	
	County Group D	1		3.1	2.55	
	County Group E	1		4.0	1.21	
Estimated Average Monthly Revenue per Store (after adjusting for Ground Truthing)	County Group A	81	140	199	220	Normal; Parameters from Regression Estimate x inflator
	County Group B	10	119	252	15	
	County Group C	48	102	158	86	
	County Group D	132	166	201	174	
	County Group E	20	23	26	24	

### Measure the Prevalence of Free or Steeply Discounted Cannabis

Many medical cannabis dispensaries are reported to give away cannabis or to sell it at deep discounts, either as a philanthropic program or as a way to attract new customers. If this practice were rampant, then measuring the size of the medical cannabis sector in dollar revenues might be misleading: the free product would go un-counted, and discounted product under-counted.

To test the prevalence of this practice among medical cannabis stores, BOTEC researchers contacted (for the second time) stores that had cooperated in responding to the first survey. Stores were asked what was the retail value of all cannabis that was given away for free or sold at a more-than-half discount, as a percent of the store’s revenues. The median value was between 4 and 5%; the average value was 5%.

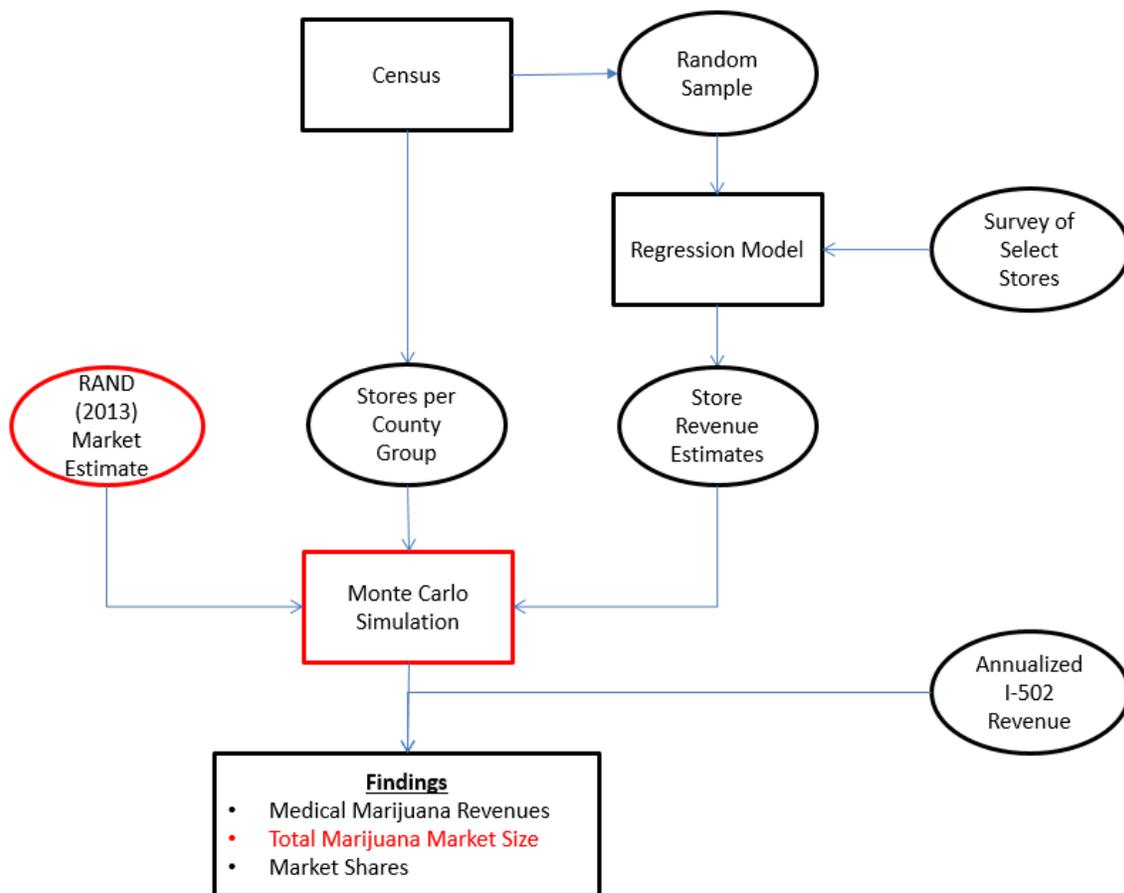
If taken at face value, that would suggest that the estimate for store revenues underestimates actual cannabis dispensed by as much as 5%. However there are reasons not to do so. First, it’s not clear that people who receive cannabis for free from medical stores will then, if that store closes and only I-502 stores (hypothetically) remain, go to an I-502 store and purchase cannabis. Second, the average price for cannabis on the illicit and medical markets that is input into the

Monte Carlo simulation could be interpreted as already taking free and discounted cannabis into account.

### Step 3. Estimate Market Value of All Cannabis Consumed in Washington

In the second leg of the BOTEC methodology, an estimate is made for the total market value of all cannabis consumed in Washington State (annually). Because RAND estimated the amount (in weight) of cannabis consumed in Washington State as recently as 2013, this work mainly involves updating and converting that estimate.

Figure 14. Research Workflow – Section 3



In 2013, RAND estimated the total volume of cannabis consumed in Washington State as 175 metric tons (MT) of cannabis, with a feasible range between 135 and 225 MT. For our purposes, the 2013 RAND estimate needs to be adjusted in two ways:

1. To adjust for growth in cannabis consumption from 2013 to 2015

2. To convert from weight (MT) to market value (\$)

To update and convert the 2013 RAND estimate, the BOTEC researchers use another Monte Carlo simulation to make a “best estimate” along with ranges of uncertainty that reflect uncertainty about the parameters. For each parameter, BOTEC researchers constructed “best estimate” and a range of plausible values. For instance, the amount of cannabis consumption in Washington State (in metric tons) is modeled as a random variable governed by a triangular distribution, with low, medium, and high estimates suggested by the 2013 RAND report (see below).

**Figure 15. Parameters to Model Total Size of the 2015 Cannabis Market in Washington**

Quantity	Low	Medium	High	Random Value	Description of RV
2013 WA Consumption in MT	135	175	225	169.98	Triangle; Kilmer et al. (2013)
Growth in WA Consumption 2013-2015	0.97	1.1	1.25	1.19	Triangle; Plugs
Average price per MT (\$ in millions)	\$ 6.28	-	\$7.19	6.83	Uniform; based on weighted average of I-502 and non-I-502 price estimates (depending on portion of I-502 revenues that are useable cannabis)

**Adjust for Growth in Cannabis Consumption in Washington Since 2013**

The total amount of cannabis consumed in Washington State in 2015 is somewhat larger than that consumed in 2013, likely due to a combination of population growth and rising prevalence of past-month use.

The growth of Washington’s cannabis consumption was assumed to have a low estimate of -3% (a decline), a middle estimate of 10%, and a high-end estimate of 25%, with a probability distribution governed by a triangular random variable. Those rates of growth seem plausible, given that according to NSDUH, reported past-month users in Washington grew by 27% from 2010-11 and 2012-2013. By way of demonstration, applying the best- estimate growth factor (10%) to the 175MT estimate yields an estimate for 2015 cannabis consumption of 192.5 million metric tons (175 x 1.1 = 192.5).

**Convert from Weight (MT) to Market Value (\$)**

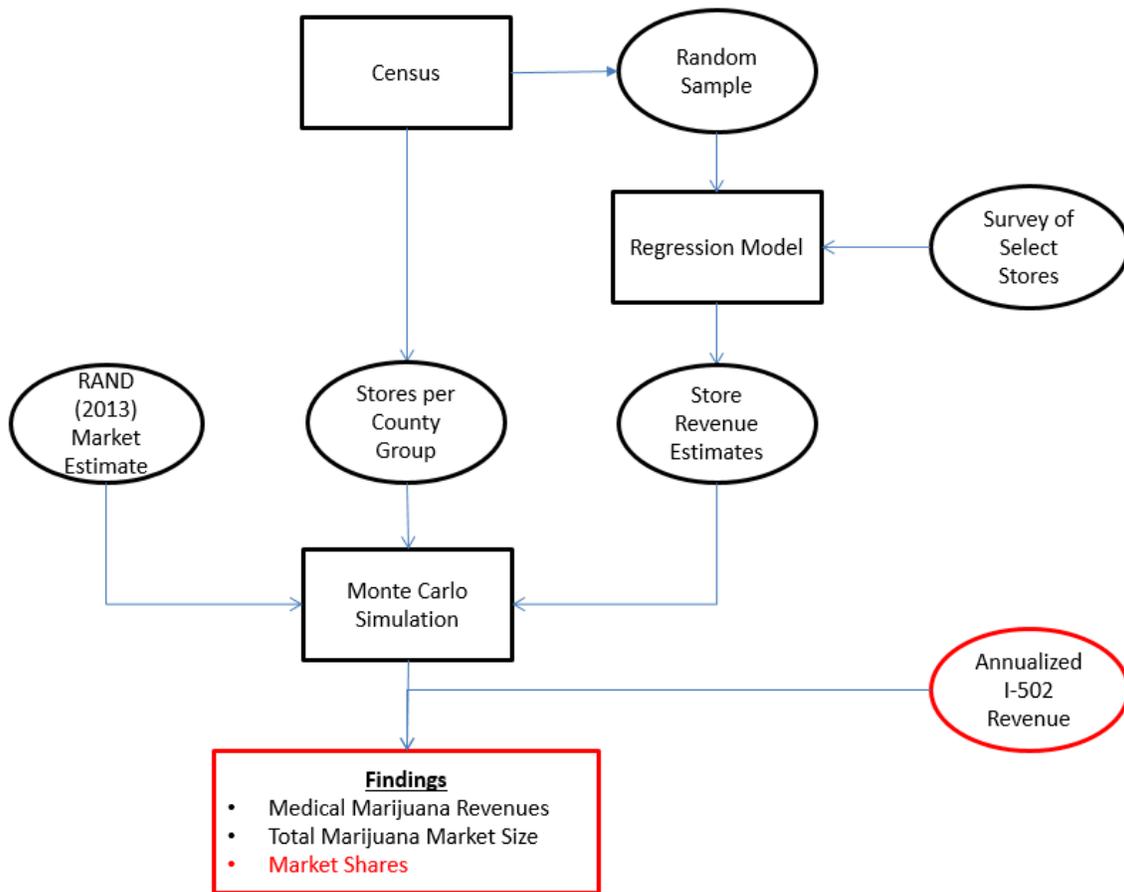
Converting from weight (in metric tons) to market value requires an estimate for the average price-per-gram of cannabis sold in Washington State. The methodology

to do so was described in the previous section, finding a statewide average price per gram between \$6.28 and \$7.19. To convert the RAND estimate to a market value, then, the amount in metric tons is simply divided by the price-per-gram.

#### Step 4. Estimate Market Shares and Sizes for Various Cannabis Markets

In Steps 1, 2, and 3, the BOTECH researchers estimate annual medical cannabis revenues statewide and the annual market value of all cannabis consumed in Washington State. Researchers also computed the annualized revenue for I-502 sales, based on October 2015. With these data in hand, it is relatively straightforward to estimate the market shares and sizes for Washington’s three cannabis markets (I-502, medical, and illicit).

Figure 16. Research Workflow: Section 4



## Calculate Market Share for Medical Cannabis Market

Section 1 estimated medical cannabis revenues of approximately (\$480 million). An estimate for the total market value of all cannabis consumed in Washington State is \$1.33 billion. That yields a market share of 37%. That does not include any medical cannabis that is produced at home for own-consumption or non-commercial sharing.

Due to the considerable amount of uncertainty in the estimation process, as well as the rapidly changing nature of cannabis markets in Washington at present, it is valuable to reference feasible ranges rather than a single point estimate. The Monte Carlo simulation facilitates the creation of feasible ranges. A 90% confidence interval can be constructed by sorting the trial outcomes from largest to smallest (for the estimate of interest, e.g., I-502 sales, or illicit market share, or medical cannabis sales to residents of county group A), and then finding the trials at the bottom and top 5 percentiles. For the medical cannabis market, the feasible range for annualized revenues ranges from \$290 to \$690 million.

Figure 17. Calculating medical cannabis market share

$$\text{Medical cannabis market share} = \frac{\text{Medical cannabis revenues}}{\text{Value of all cannabis in Washington}}$$

## Calculate Market Share and Annualized Revenue for I-502 Market

Annualized cannabis revenues from I-502 stores are estimated to be \$460 million, for a market share of 35%. See section 1, subsection “Estimate County-level MMJ Revenue Using a Monte Carlo Simulation” for more detail on how the BOTEC researchers have retrieved and analyzed data on cannabis sales revenues from I-502 stores.

Data on sales revenue for the month of October 2015 are directly provided by the LCB (\$38 million). The revenues are annualized by multiplying by 12.

Note that annualizing revenues in this fashion yields an *instantaneous* estimate for the size of the I-502 market. Because the I-502 market has been rapidly growing, an instantaneous measurement will yield a substantially larger estimate than what would be measured simply by looking at sales in the past year.

Annualizing I-502 revenues does not constitute a prediction. In reality, sales on the I-502 market appear likely to continue to increase. Were the market share to be projected forward into the future, the number might be substantially larger.

### **Estimate Lower Bound for Black Market Cannabis Sales**

Illicit market revenues are estimated simply by subtracting the I-502 and medical shares from the larger market. The best point estimate for annual sales of cannabis of illicit origin is \$390 million. In actuality, the illicit market is likely somewhat larger than that, since some cannabis sold in the illicit market originates via purchase from an I-502 store or from a medical cannabis retailer, and then is illegally diverted. That proportion is unknown.<sup>25</sup>

The range of uncertainty for the estimate for illicit cannabis sales is unusually wide, since the estimate is dependent on both the BOTEK estimate for medical cannabis revenues, the estimate for the size of the broader cannabis market in Washington, and the estimate for I-502 revenues. (The illicit market estimate equals the size of the broader market minus those other two markets.) As a result, the feasible range covers as low as \$60 million and as high as \$740 million.

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<sup>25</sup> Technically this would produce a lower bound estimate for the size of the black market, since some cannabis traded on the black market may originate from the medical or even I-502 sector.

## Findings

BOTEC was asked to estimate the total annualized revenues of all medical cannabis outlets in Washington State and the size of that that sector’s share of the larger cannabis market. To answer these questions, BOTEC researchers used a methodology that produces both a “best- estimate” and a plausible range of outcomes.

### Market Sizes and Shares of Washington’s Various Cannabis Markets

**Figure 18. Annual Market Values and Shares of Washington’s Markets (in \$M)**

	Total	Medical	I-502	Illicit
Low	\$1,070	\$290	\$460	\$60
Best Estimate	\$1,330	\$480	\$460	\$390
High	\$1,610	\$690	\$460	\$740
Market Shares				
Low	100%	21%	28%	5%
Best Estimate	100%	37%	35%	28%
High	100%	55%	43%	48%

For the share of the larger Washington cannabis market provided for by transactional medical cannabis outlets, our best estimate is 37% (\$480 million in sales revenue from medical cannabis outlets divided by \$1.33 billion value of all cannabis consumed in WA). Given the total value of cannabis consumed in Washington and the portion provided for by medical cannabis outlets, other market shares can be calculated. The current commercial market is estimated at \$460 million (35%) with the remaining \$390 million (28%) accounted for by medical home-growing and by the illicit market.

### Medical Cannabis Revenues by County

The analysis suggests that Washington’s medical cannabis access points will account for between \$290 and \$690 million in sales in 2015; the best point estimate is \$480 million. More than half of those sales are concentrated in just three counties: King (\$183M), Snohomish (\$71M), and Pierce (\$67M); eighteen counties are estimated to have less than \$1 million in sales each.

## Conclusion

This report provides information about the current size of Washington's markets in cannabis, with a special emphasis on the medical sector. It is largely a practice in market estimation. Key findings include:

- The market value of all cannabis consumed in Washington is about \$1.33 billion, but could be as low as \$1.07 billion or as high as \$1.61 billion.
- Revenues from the sales of medical cannabis in Washington are estimated at roughly \$480 million, but could be as low as \$290 million or as high as \$690 million. Annualized cannabis revenues from I-502 stores are estimated at \$460 million.
- The market share of the transactional component of Washington's medical cannabis sector is estimated at about 37 percent. Here, market share is calculated by dividing estimated medical cannabis sales revenue by the estimated market value of all cannabis consumed in Washington.
- Two counties account for more than half of the medical cannabis sales in Washington. King County accounts for about 38 percent and Pierce County accounts for about 16 percent.

For the annualized revenues of the medical cannabis sector, our best estimate currently accounts for approximately \$480 million per year (37%). By contrast, annual taxable retail sales reported to the Department of Revenue in fiscal year 2015 only totaled roughly \$100 million.<sup>26</sup> That discrepancy suggests that dispensaries have been grossly under-reporting their actual revenues for tax purposes. However, those figures should not be compared directly, given that the time periods are not precisely the same. The Department of Revenue's reported taxable sales pertain to Fiscal Year 2015 (July 1, 2014 – June 30, 2015) while BOTEC has estimated sales for calendar year 2015 (January 1 – December 31, 2015), based on revenues from October 2015. Despite those differences, it can be useful to compare the two data sources. The table below shows that while the BOTEC figure is more than four times larger than the figure reported to the Department of Revenue, the portion of sales contributed by each county group is markedly similar.

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<sup>26</sup> Source: a public records request fulfilled by the Department of Revenue.

Figure 19. Comparing Reported Sales (Dept. of Revenue) and BOTEC Estimates

County Group	Department of Revenue		BOTEC	
	Reported Taxable Sales (M)	Revenue Share	Estimated Revenue (M)	Revenue Share
A	\$48	36%	\$183	38%
B	\$16	23%	\$146	31%
C	\$21	24%	\$87	18%
D	\$11	9%	\$49	10%
E	\$3	8%	\$12	3%
State-Wide	\$99	100%	\$480 <sup>27</sup>	100%

The measurements and estimates reported here aim to portray the situation in Washington as of October 2015, but the cannabis market in Washington State is dynamic, constantly changing both in total size and in composition, especially given the impending changes in the regulatory environment. Because the situation on the ground is changing so rapidly, the researchers emphasize that all estimates are only a single snapshot in time.

Interpreting the relative market shares of the illicit, medical, and I-502 markets requires some caution. As discussed in this report, market share is a portion of retail value, but it would be equally valid to think about the share that each market contributes to the total weight of cannabis consumed, or the number of cannabis users served, the total weight of THC, or the quantity of days of use or intoxication-hours. These differences in units of measurement would yield somewhat different results.

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<sup>27</sup> County group sub-totals add up to slightly less than the \$480M estimate due to rounding.

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## Appendix A. Estimated Medical Cannabis Sales to Residents by County<sup>28</sup>

Group	County	Past-Month Users (2013)	Revenue (\$ Millions)
Group A	King	179,734	\$183.4
Group B	Pierce	67,494	\$76.4
Group B	Clark	39,139	\$44.3
Group B	Kitsap	24,482	\$27.7
Group C	Snohomish	71,481	\$45.8
Group C	Spokane	31,896	\$20.4
Group C	Thurston	24,462	\$15.7
Group C	Island	7,747	\$5.0
Group D	Whatcom	27,759	\$13.5
Group D	Yakima	19,701	\$9.6
Group D	Skagit	17,615	\$8.6
Group D	Benton	11,434	\$5.6
Group D	Cowlitz	10,754	\$5.2
Group D	Mason	5,982	\$2.9
Group D	Franklin	5,040	\$2.5
Group D	San Juan	1,806	\$0.9
Group E	Grays Harbor	8,165	\$1.5
Group E	Clallam	8,018	\$1.5
Group E	Lewis	7,174	\$1.3
Group E	Grant	5,594	\$1.1
Group E	Chelan	5,038	\$0.9
Group E	Walla Walla	4,045	\$0.8
Group E	Jefferson	2,789	\$0.5
Group E	Okanogan	2,747	\$0.5
Group E	Kittitas	2,698	\$0.5
Group E	Whitman	2,676	\$0.5
Group E	Douglas	2,499	\$0.5
Group E	Stevens	2,278	\$0.4
Group E	Pacific	2,225	\$0.4
Group E	Asotin	1,479	\$0.3
Group E	Klickitat	1,333	\$0.3
Group E	Skamania	1,106	\$0.2
Group E	Adams	970	\$0.2
Group E	Pend Oreille	792	\$0.1
Group E	Lincoln	565	\$0.1
Group E	Ferry	518	\$0.1
Group E	Wahkiakum	370	\$0.1
Group E	Columbia	290	\$0.1
Group E	Garfield	105	<\$0.1
Total	-	610,000	<b>\$ 480</b>

<sup>28</sup> Some counties have prohibitions against medical cannabis outlets; for these counties, it is assumed that users cross county lines to purchase.





## SEATTLE DEPARTMENT OF CONSTRUCTION & INSPECTIONS

**Seattle DPD** is now the **Seattle Department of Construction & Inspections**. DPD's City Planning division is now the Office of Planning & Community Development.

[Home](#) / [Codes and Rules](#) / [Changes to Code](#) / [Marijuana Zoning Restrictions](#) / [What & Why](#)

# Marijuana Zoning Restrictions



A proposal to limit the amount of growing, processing, selling, and delivery of marijuana and related products in Seattle.

[What & Why](#)   [Project Documents](#)

## What's Happening Now?

**The City Council has approved our proposed marijuana regulatory changes. The ordinance was signed by the Mayor, and became effective, on January 12, 2016.**

The City of Seattle has approved a bill with amendments to the Mayor's marijuana zoning proposal. Ordinance 124969 was signed by Mayor Edward Murray on January 12, 2016, and is now in effect. Highlights of the approved ordinance are:

- Sets a 500-foot minimum distance between state-licensed marijuana premises that include retail sale of marijuana products and child care centers, game arcades, libraries, public parks, public transit centers, or recreation centers or facilities, with these exceptions:
  - A 250-foot minimum distance separating the uses listed above in Downtown Mixed Commercial and Downtown Mixed Residential zones north of Yesler Way
  - A 250-foot minimum distance separating the uses listed above for state-licensed marijuana premises that do not include retail sale of marijuana products
- Maintains a 1,000-foot minimum distance between state-licensed marijuana premises and properties containing elementary schools, secondary schools, or playgrounds
- Allows no more than two state-licensed marijuana premises that include retail sale of marijuana products to be located with 1,000 feet of each other (measured by property lines)

Note: Whether your major marijuana activity complies with our locational requirements will be based on the facts as of the date the Washington State Liquor and Cannabis Board issues a “Notice of Marijuana Application” to the City of Seattle.

### Next Steps

Seattle DCI will be developing informational material, including a map illustrating what this ordinance means for buffer distances, distance between stores, and other factors. We anticipate this map will be available by late February.

## Project Benefits

Our proposal will help to ensure that licensed marijuana-related uses will be appropriately located in places where they are compatible with their surroundings, and operating in ways consistent with City and State rules.

## The End Result

City Council adopted our proposed marijuana regulatory changes. They went into effect on January 12, 2016.

### Meetings & Events

There are no upcoming meetings and events.

[See other meetings & events](#)

### Connect

#### Ask Us

Gordon Clowers  
Senior Planner

(206) 684-8375

[gordon.clowers@seattle.gov](mailto:gordon.clowers@seattle.gov)







## State-Licensed Marijuana Industry Morphing and Growing

December 23, 2015 by [Jim Doherty \(/Home/Stay-Informed/MRSC-Insight.aspx?aid=105\)](#)

Category: [Recreational and Medical Marijuana \(/Home/Stay-Informed/MRSC-Insight.aspx?catID=109&cat=Recreational and Medical Marijuana\)](#)



The transition of the state-licensed marijuana industry continues. The Liquor and Cannabis Board (LCB) issued a [press release](#) (<http://liq.wa.gov/pressreleases/lcb-to-increase-number-of-retail-mj-stores>) on December 16 that includes a recommendation for a substantial increase in the number of retail stores throughout much of the state, from a current maximum number of 334 licensed stores to 556 licensed stores. The recommendations will be

considered by the LCB at their January 6 meeting.

Why the 60% increase? Because the medical marijuana dispensaries that have been operating in many cities and counties across the state are either shutting down or seeking to obtain state retailing licenses in advance of the July 1, 2016 deadline for an integrated medical/recreational marijuana system.

A new report provided to the LCB this month by BOTEK Analysis Corporation estimates that the current state-licensed stores are handling 35% of the statewide \$1.3 billion marijuana market. The obvious goal is for the state-licensed retailers to take over the existing medical marijuana dispensary business, estimated at 37% of the market, and eliminate the illicit (unregulated and untaxed) market, which is now estimated to account for 28% of marijuana sales.

What does that mean for most cities and counties across the state? It means an increase in the number of state-licensed retailers that will be setting up shop. The LCB [press release](#) (<http://liq.wa.gov/pressreleases/lcb-to-increase-number-of-retail-mj-stores>) includes a link to a listing of the maximum number of stores that will be licensed in each county, with a specific number of stores allocated to some of the incorporated cities within each county. This is similar to the prior LCB cap on the number of retailers in cities and counties across the state, but with an obvious increase in numbers. For the past few months, the caps on retailers had been removed while the LCB staff wrestled with determining the appropriate number of retailers needed when the state-licensed market absorbs the medical marijuana businesses.

We have been asked what the designation "at large" means in the LCB chart. The "at large" stores are retail stores that will be issued licenses for locations within a county, but not within a listed city. The "at large" stores could be located in unincorporated areas of the county or in an incorporated city or town that is not listed.

Some cities and counties continue to prohibit any state-licensed marijuana retailers. Those jurisdictions will not be directly impacted by these changes. Over the course of 2015, the number of cities and counties choosing to accommodate the state-licensed marijuana industry has grown. Currently, 34 of 39 counties and 193 of 281 cities allow state-licensed marijuana businesses; see [MRSC's statewide map \(http://mrsc.org/Home/Explore-Topics/Legal/Regulation/Recreational-Marijuana-A-Guide-for-Local-Governmen.aspx#table\)](http://mrsc.org/Home/Explore-Topics/Legal/Regulation/Recreational-Marijuana-A-Guide-for-Local-Governmen.aspx#table) for details on how jurisdictions are zoning for marijuana businesses.

*Have a question or comment about this information? Post in the comments below or contact me directly at [jdoherty@mrsc.org](mailto:jdoherty@mrsc.org) (<mailto:jdoherty@mrsc.org>).*



### About Jim Doherty

Jim has over 20 years of experience researching and responding to varied legal questions at MRSC. He has special expertise in transmission pipeline planning issues, as well as the issues surrounding medical and recreational marijuana.

[VIEW ALL POSTS BY JIM DOHERTY](#) ▶ (</Home/Stay-Informed/MRSC-Insight.aspx?aid=105>)

[Leave a Comment](#) ▾

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## Comments

1 comment on State-Licensed Marijuana Industry Morphing and Growing

"How long until the tobacco industry moves in for the kill. Big bucks wins again at the cost of our kids."

Philip Lee on Dec 30, 2015 1:45 AM

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# THE NEWS TRIBUNE

[ [thenewstribune.com](http://thenewstribune.com) ]

## Medical pot merger creating winners, losers

January 16, 2016

By Craig Sailor

[csailor@thenewstribune.com](mailto:csailor@thenewstribune.com)

Medical marijuana will be sold at recreational locations

Tacoma could have 16 locations

Medical users face changing regulations



Two varieties of marijuana at Emerald Leaves, Ewok and Connie Chung, are available in large and small amounts like these 3.5 gram bags. Drew Perine [dperine@thenewstribune.com](mailto:dperine@thenewstribune.com)

Those green crosses that have sprouted across Washington since voters approved medical marijuana in 1998 will get a severe pruning come July 1.

That's when medical marijuana dispensaries must either have a license or close under a law passed last year.

In Tacoma, the city estimates that more than 60 medical dispensaries were operating at one point in 2015 in addition to a handful of state-licensed recreational marijuana stores. By late summer, Tacoma could have one-fourth that many stores with only some catering to medical patients.

That's if city officials don't decide to cap the number of stores even further. They are balking at the state's plans to double the number of retail marijuana licenses in the city.

To accommodate the absorption of medical dispensaries into the state's regulated market for recreational pot, regulators increased the number of available marijuana retail licenses from 334 to 556. Tacoma's allotment went from eight to 16.



*Karen Siu, a bud tender with Emerald Leaves, displays two varieties of marijuana, Black Cherry OG and Connie Chung, to customers Kayla Dearborn and Levi Henderson in Tacoma on Jan. 5. The retail dispensary on Sixth Avenue has been approved to also sell medical marijuana beginning July 1. Drew Perine [dperine@thenewstribune.com](mailto:dperine@thenewstribune.com)*

The city is already home to nine state-licensed recreational marijuana stores. On Tuesday, the City Council called a time-out on local approvals for additional pot shops until the Planning Commission can consider whether to put a limit on the number of stores or prohibit them from locating near one another.

The moratorium, which might last as long as six months, could delay the efforts of a few shops looking to become legitimate after years of operating on the fringes.

Triple C Collective, a medical marijuana dispensary, has been operating on Sixth Avenue since 2011. Because it is one of the dispensaries the state considers the most established and well-behaved, it has priority status for a license from the state Liquor and Cannabis Board. But a state license means nothing if the store can't get the permissions it needs from Tacoma.

Brian Caldwell, managing member of Triple C Collective, said he is cautiously optimistic about Tacoma's new rules. He said if the city decides to prevent marijuana stores from clustering together — which would almost certainly require his store to close because it is near another — he hopes the council will reduce buffers in other areas.

Currently city law [prevents pot shops from locating](#) within 1,000 feet of jails, transit centers, schools, day cares, drug rehab centers, libraries, parks and other places where children might be present. If the city relaxes the buffers, Caldwell said shops can spread to different neighborhoods.

"They do not want to restrict patient access, and they want to keep working with the people who've been good actors on the medical side," Caldwell said Wednesday. "I support them coming up with a reasonable plan."

Dispersion was a low priority for the council leading up to this year. But Tuesday, Councilman Robert Thoms said now that the state plans to double the number of stores for the city, it's time to revisit the idea.

Mayor Marilyn Strickland said Wednesday that the city might allow a higher concentration of marijuana shops in some areas, just as bars cluster in some neighborhood business districts.

"As we talk about marijuana becoming more legalized and mainstream, we have to be open to the possibility of more business locations in some business districts," Strickland said.



*A customer checks out a 3.5 gram bag of marijuana under the guidance of Emerald Leaves bud tender Karen Siu in Tacoma on Jan. 5. Drew Perine [dperine@thenewstribune.com](mailto:dperine@thenewstribune.com)*

## STORES EAGER TO RETURN TO MEDICAL MARKET

For some former medical dispensaries that already are squared away with state and local regulators, the coming July 1 deadline is a chance to return to their roots. It's not only when unlicensed shops must close, but also when licensed stores that have received medical endorsements from the state can begin marketing to patients.

Urban Bud on South 24th Street in downtown Tacoma transitioned from a medical store to a recreational marijuana outlet a year ago. It made the switch to preserve its business and employee jobs, general manager Chandra Hall said.

"When recreational first came out, the rumors were that medical would go away," Hall said. "We didn't want the staff members to be without jobs."

The store is eager to begin catering to medical marijuana customers again.

“We want everything regulated and tested and make sure everybody is getting the best product they can,” Hall said. “We’re just excited we can get our medical customers back.”

Emerald Leaves, a licensed recreational marijuana shop next door to Triple C on Sixth Avenue, also will have a medical endorsement. Thomas Kaapana, the store’s general manager, welcomes the consolidation of the two arms of marijuana sales.

“The way that medical is running right now, basically it’s an unregulated black market storefront with no testing, no qualifications other than wanting to be there and sell weed,” Kaapana said. “There definitely are some (dispensaries) that are doing it right. But some are just cashing in, selling weed in a gray area.”

Emerald Leaves will build an addition to its retail bar to accommodate the new medical section. Trained staff will help patients decide which product best fits their needs, Kaapana said. Currently, Emerald Leaves staff can’t give medical advice but there are computer tablets in the store connected to leafly.com, a website that has information about specific strains of marijuana and customer reviews.

Under state rules, stores selling medical marijuana would have to have a state-certified medical consultant on staff at all times, according to the Cannabis Board’s agency rules coordinator, Karen McCall.

Come July 1, stores also will have access to a medical marijuana patient database. Patients will be able to show their authorization to a dealer, who will then enter them in the database and issue a card.

While being entered in the database will not be mandatory to purchase medical marijuana, card holders will enjoy several benefits, according to the Health Department. Only they will be allowed to purchase certain medical products. They will still pay the 37 percent cannabis excise tax, but will not have to pay sales tax.

In addition, card holders will be able to buy up to three times the amount that non-cardholders can. The card is also a “get out of jail free” card of sorts.

“As long as you haven’t violated some other law when you get pulled over, you can’t be arrested for having three times the amount that is legal in your car,” said Chris Baumgartner, the Health Department’s drug systems director.

While minimum age for recreational marijuana sales remains 21, health care professionals are allowed to authorize medical marijuana for a patient of any age.

Customers aged 18-21 can buy marijuana only with an authorization. Any patient under 18 is required to have the permission of a parent or guardian before purchase. The parent or guardian must also participate in the minor's treatment, maintain sole control of the marijuana and be entered into the database.

Kaapana said his former job as the manager of a medical marijuana dispensary was the most gratifying he's ever had.

"I used the job to bridge the gap between me and a 70-year-old Republican lady," Kaapana said, referring to a cancer patient who sought marijuana to ease pain. "You'd see people, terminally ill, and you'd totally turn their life around."

According to the Mayo Clinic, there is "good scientific evidence" that marijuana is effective in alleviating chronic pain and the symptoms of multiple sclerosis. Many other health claims are made, but the scientific evidence to support them is unclear.

Caldwell tests all of his products for strength and impurities such as pesticides. But there is no testing on which strains or products treat specific medical conditions.

"Right now our state does not acknowledge there are medical properties to it. We look forward to when they tell us there are medical properties to it and we can test for that," Caldwell said.

## **PATIENT ACCESS A CONCERN**

Amber Lewis, a consultant and lobbyist for Triple C Collective, questions if there will be enough medical-focused businesses after July 1.

Currently, 156 medical endorsements have been issued to retailers statewide, representing about 70 percent of the stores. That number will climb, but for now lags the 331 medical dispensaries that a consultant for the Cannabis Board counted last year.

"A big fear among patients, particularly those suffering from AIDS and cancer and some of the pediatric patients — children using this therapy — I think there is a real concern whether or not they will be able to get the CBD (cannabidiol) concentrates that they need," Lewis said.

Cannabidiol is one of many cannabinoids found in marijuana. Cannabinoids are the active components of marijuana. While c (THC) might be the most well known and is responsible for the high that users get, cannabidiol is touted in the medical marijuana world for its alleged medical benefits.

"Will someone in a rural community have access to (a medicinal focused business)? I don't know. That's pretty scary from a patient's perspective," Lewis said.

Char, a Port Orchard resident, is one of those patients.

“That’s pretty scary when it’s your life on the line,” Char said. The lung cancer patient didn’t want her last name used because her primary care doctor has threatened to stop seeing her if she uses cannabis products to treat her disease.

Char rejected chemotherapy, radiation and other therapies in favor of using a cannabis infused oil. She purchases it at The Herbal Garden, a dispensary on South 28th Street in Tacoma. But that may soon change.

Herbal Garden owner Louis Archuleta said he’s facing closure.

“The Liquor Board contacted me and said ‘the city is fighting your application,’ ” Archuleta said.

The city of Tacoma is recommending denial of a license to Archuleta because his business resides in a city buffer zone that includes a correctional facility, according to planning division manager Brian Boudet.

That alone would not preempt the state from issuing Archuleta a license. The Liquor and Cannabis Board does not take into account local laws or bans in deciding license applications. But it could prevent Archuleta from getting the local approvals he needs to stay in business. “It’s up to the licensee to be in compliance with local regulations,” said Brian Smith, a spokesman for the Cannabis Board.

Since opening in 2011, Archuleta said he moved once at the city’s request because the business was too close to a park.

“I have no problem with them changing (the rules). That’s their right. But when you don’t grandfather an existing company ... when you have a problem with me, you should have addressed that two and a half years ago,” Archuleta said.

Archuleta’s attorney is working with the city to remedy the situation. Until recently he’s had few problems.

“I would never have gotten into this business without the support I’ve gotten from the state and local authorities,” Archuleta said. “All I’ve ever wanted is a legit business.”

City officials expect to act quickly on the new rules for pot businesses so that shops aren’t caught in limbo for long.

“I would hope that we expedite this process,” City Councilman Joe Lonergan said. “I am not interested in cutting off access to these patients.”

More importantly, stores that hope to survive must make the state's deadline. Medical marijuana stores that fail to get state licenses by July 1 will be shut down, Smith said. Enforcement might take the form of rescinded business licenses and fines.

"They are illegal today," Smith said. "They've just been allowed to proliferate."

*Staff writer Kate Martin contributed to this report.*

*Craig Sailor: [253-597-8541](tel:253-597-8541), [@crsailor](https://twitter.com/crsailor)*

# The Seattle Times

## Seattle City Council OKs rules to allow pot shops in more neighborhoods, closer to parks

**Seattle will reduce buffer zones in some places while trying to keep the stores from clustering in some neighborhoods. The plan to allow additional shops, however, may not work as intended.**

January 12, 2016

By **Bob Young**

*Seattle Times staff reporter*

Legal pot businesses would be allowed in more parts of Seattle under rules approved Monday by the City Council.

Mayor Ed Murray proposed relaxing state-imposed buffers between pot shops and some sensitive areas, such as parks and arcades. As required by state law, the buffers would remain at 1,000 feet between pot businesses and schools and playgrounds.

Murray's [aim was to accommodate new shops](#) the state will license as it tries to fold medical-marijuana dispensaries into its system for recreational stores, while trying to keep them from clustering.

The state Liquor and Cannabis Board (LCB) has proposed doubling the number of legal retail stores in Seattle from 21 to 42. Murray's plan would add about 1,600 acres of available land citywide for pot merchants.

The mayor also [pushed regulations that effectively shut down](#) some 60 dispensaries while creating a path for some of the 50 long-standing, rule-abiding dispensaries to locate storefronts in Seattle once licensed by the LCB.

The council, for the most part, agreed Monday with the mayor's plan, reducing buffers from 1,000 feet to 500 for pot businesses in most of the city.

It further reduced buffers to 250 feet for pot shops in Belltown and parts of downtown to make it easier for adult tourists to buy legal pot, said Councilmember Lisa Herbold, and to deter illegal street dealing.

At the same time, the council imposed a new rule that does not allow more than two pot shops within 1,000 feet of each other citywide. That would amount to no more than two pot shops within a neighborhood business district, or roughly five blocks, said Councilmember Tim Burgess.

Buffers for pot growers and processors [would be reduced to 250 feet citywide](#) because those businesses tend to be so nondescript the public doesn't know they exist, said Councilmember Mike O'Brien.

But the rules may not work as intended.

The LCB has put 54 Seattle store applicants on a path to licensing, but without including some dispensaries the city hoped to help. That means some dispensary operators who attempted to follow appropriate rules may be shut out, at least in the short term, Murray said in a letter to the LCB.

Murray suggested the LCB should give Seattle 20 more stores, or 62 in total. On a population basis, that would put Seattle on par with the number of stores allotted to Everett and Tacoma, Murray said.

That still would appear to be too few to accommodate Seattle's 22 licensed stores and 50 long-standing dispensaries.

All of the retail applications moved forward by the LCB will be grandfathered, or exempt from the city's new buffers. That means the new, more permissive buffer rules would apply only to stores the LCB may license in a future wave of expansion.

New stores would instead be forced to comply with the old 1,000-foot buffer, Murray said.

And it may burden a few neighborhoods with becoming "green light districts," he said.

Murray's staff had asked the LCB to hold off on processing Seattle licenses until his proposal went through the City Council.

But the LCB said Monday that Seattle moved too slowly.

"The bottom line," LCB spokesman Brian Smith said, is that the agency has been preparing to bring medical operators into the recreational system since April.

The LCB may expand the number of stores in Seattle, if needed, he added, and noted that qualified medical patients may grow their own marijuana or join a four-member cooperative to meet their needs.

*Bob Young: 206-464-2174 or [byoung@seattletimes.com](mailto:byoung@seattletimes.com). On Twitter [@potreporter](https://twitter.com/potreporter)*





# Going to Pot: Will Legal Weed Hurt Medical Marijuana Users in Washington?

August 23, 2015

By **Jayson Chesler**

SEATTLE — Stephen Damgaard uses medical marijuana for nerve damage in his spine, eating a small brownie made with cannabutter each morning. The weed in the butter comes from one of Seattle's many medical dispensaries -- an untaxed and illegal medical pot shop that up until now has been tolerated by authorities.

But almost everything about marijuana in Washington is about to change, as the state moves to regulate both its 17-year-old medical marijuana program and the legalization of recreational marijuana passed by voters in 2012. And critics say the changes will hurt the users of medical marijuana. Fear of higher prices, possession limits and lack of access to the specific marijuana products that high-use patients need has left medical marijuana advocacy groups fighting back against laws that both Democrat and Republican legislators see as good.

Most medical marijuana, previously untaxed and almost completely unregulated, must now be purchased in the same regulated retail stores that sell weed to recreational users. In addition to paying a 37 percent tax on purchases, medical marijuana patients face lower possession limits and tight restrictions on growing marijuana in group collectives. By July 1, 2016, the new regulations will be fully in place and medical patients will be part of the retail market.



One grower, who is part of a collective grow, must now hide her plants in her basement because of changed medical marijuana laws. Kathryn Boyd-Batstone / News21

## The Cost of Weed

The recreational system took more than a year to get up and running, with the first shops opening in July 2014. There are now 154, and new users and tourists are major driving forces in growing retail sales.

But cost has been an issue since recreational marijuana was legalized in Washington. Prior to this July, when a 37 percent tax on recreational weed became effective statewide, some locales were charging taxes as high as 50 percent.

Supporters of the new laws say that having everyone participate in the same market will make prices drop in the long run. The idea that retail pot is expensive isn't accurate now that more than a few shops are up and running, said Seattle City Attorney Pete Holmes, who advocated for heavily for legalization and medical regulation.

"We're seeing already, even with the limited supply, costs have just really dropped," Holmes said. "In the last 12 months, prices are probably 50 percent of what they were before. With that kind of movement and that kind of price sensitivity, the legal market is going to beat the illegal market in the marketplace."

But medical growers estimate the cheapest medical marijuana is selling for between \$125 and \$140 an ounce, while the cheapest ounces available at Uncle Ike's and

Ocean Greens -- two of Seattle's most popular retail stores -- are around \$190. For a patient like Damgaard, who said he uses three ounces a week, the price difference can add up.

I'm on a fixed income," Damgaard said. "I can only afford a little bit."

## The Wild West

When medical marijuana was first legalized in Washington in 1998, there wasn't much to it. Some of the states that legalized later included rulemaking guidelines or regulations in their medical marijuana initiatives. Washington's ballot initiative only dealt with the basics. For example, a patient needed only a doctor's recommendation to obtain medical marijuana.

"[Medical marijuana legalization] created an affirmative defense for a patient or designated provider who is authorized by their healthcare provider to possess a 60-day supply of marijuana," said Kristi Weeks of the Department of Health. "That's all it created."

That means that a medical marijuana patient could be arrested for possession, but could use medical authorization as a legal defense at trial.

While the health department would later define a 60-day supply as 24 ounces of marijuana, little else was done to clarify what medical patients could and could not do.

In the absence of regulations, large medical marijuana cultivation cooperatives and dispensaries sprouted around the state. Police and prosecutors mostly tolerated them as an alternative to forcing medical patients to buy weed off the streets, Weeks said.

State lawmakers have responded by trying to cut down on illegal cultivation and sales. Under the new laws, medical patients who previously could possess 24 ounces -- as long as they could prove they needed it if arrested -- are now allowed three. The three ounces are permitted only if they are willing to sign up for the state medical marijuana registry. Unregistered patients are limited to one ounce.

To Joe Mascaro, a medical marijuana patient who legally grows for a handful of friends, the possession limits are going to hurt those who need medical marijuana the most. "For you or me, three ounces seems like a lot," Mascaro said. "For a cancer patient, they can go through it like that, easily."

While Mascaro sees this as a state-controlled monopoly, officials see it as increased availability. "[Now] people will be able to purchase from stores, grow in cooperative grows or grow at home," said Weeks, "so there's no longer a need for anyone to have 24 ounces at any given moment in time."



Joe Mascaro, a medical marijuana patient, grows legal marijuana for a handful of friends in his basement. Kathryn Boyd-Batstone / News21

Holmes, the city attorney, said he doesn't think the three-ounce limit will be enforced on its own other than in cases where a crime has been committed. "It would have to be one of those circumstances akin to lightning striking twice at the same place," Holmes said. "Where you're actually in possession (of more than three ounces) and having given a level of suspicion to a law enforcement officer to have them search you. ... I haven't seen it as a practical limitation."

Growing in a group will also be more challenging for medical marijuana patients under the new regulations. The untracked, unregulated collective gardens are gone, but a way for patients to grow in small groups remains in the form of grow cooperatives.

The cooperatives are allowed a maximum of four patients — who are generally allowed to grow four plants each -- but they must be registered with the state and cannot be within a mile of a marijuana store, a major challenge in places like Seattle. Some growers like Mascaro have already started to shrink their small collectives to personal grows. Some of those with big operations said they are more hesitant to downsize.

"I wish I could figure out how I could continue doing this (legally)," said one grower who feels her collective cannot be licensed because of prior arrests. "I'm not taking this risk for you to resell it, I'm doing this to heal people."

"If they [the state] are providing what we're providing," she said, "if a patient can get quality, 20 [dollars]-per-gram RSO (Rick Simpson Oil, a medical marijuana extract), then I'll quit."

This report is part of the project titled "[America's Weed Rush](#)," produced by the Carnegie-Knight News21 initiative, a national investigative reporting project involving top college journalism students across the country and headquartered at the Walter Cronkite School of Journalism and Mass Communication at Arizona State University.



## Dad fights to keep growing pot to ease son's seizures

Seattle Times. Originally published November 9, 2013 at 8:03 pm Updated November 9, 2013 at 10:16 pm

By [Bob Young](#)

Ryan Day describes himself as the last guy who would ever grow marijuana.

But he is doing just that in the garage of a middle-class house in Thurston County.

Day's 5-year old son, Haiden, has Dravet syndrome, a severe form of epilepsy.

Haiden's 45-pound body is wracked by seizures, often more than 100 a day, which have delayed his cognitive development, leaving him essentially a 2-year-old inhabiting a 5-year-old's body.

"It's like his little mind is under assault all day long," said Ryan Day.

Haiden's parents have tried various prescription drugs — even resorting to a canine epilepsy drug — with mixed results. Some drugs curtail the seizures but come with disturbing side effects.

Then, through a network of parents, they heard that a certain kind of marijuana had been used to treat Dravet syndrome.

That discovery has turned Ryan Day, 33, into an unlikely activist. A former Marine and a professional advocate for children's health, Day says he's never tried pot himself.

But he has started lobbying against a proposed clampdown on the state's medical-marijuana system.

Aimed at reconciling the largely unregulated medical system with the state's new highly regulated recreational system, the proposals include a ban on home growing. They would also reduce the amount of marijuana patients can possess, and eliminate dispensaries, steering patients instead into new recreational retail stores.

Day argues that he needs to grow his son's marijuana because it would be prohibitively expensive to buy. He needs more for a ready supply than the proposals from three state agencies would allow. And he has little confidence that new retail stores — geared to serve recreational users looking for a good buzz — would stock a reliable supply of the rare strains his son needs. Haiden's medicinal pot has no or little

THC, the key psychoactive chemical in most pot, and it has a high percentage of cannabidiol or CBD, a chemical believed to have analgesic, anti-inflammatory and anti-anxiety properties.

Day knows that lawmakers are skeptical of the medical system and some believe most patients are gaming the system. “You know what my angle is? I don’t want my son to die,” Day said.

### **“Marijuana refugees”**

Day calls his family “marijuana refugees” who moved to Washington state in July for its temperate climate, relatively good schools and medical-marijuana law. Day, his wife and their three children had been living in Virginia, where his wife is from and where Day went to work after his stint in the Marine Corps.

Heat triggers Haiden’s seizures, as do visual cues such as geometric patterns and flashing lights. “If he looks out the window and sees patterns on the screen he will slowly jerk his way down to the floor after he’s hit by seizure after seizure,” Ryan Day said. “You don’t realize how many patterns there are in the world until you’re trying to protect your son from them.”

Mesh on a baby gate had to be wrapped in black linen sheets. Two couches had to be replaced because of their fabric weaves. Every time the Day family goes out they need to have an exit plan in case Haiden starts convulsing.

Ryan Day said he and his wife drew the limit at no more than four medications for Haiden at any one time. And they’ve constantly adjusted the mix of medicines trying to find the most therapeutic ones with least side effects. One drug causes dramatic mood swings, Day said. Another is a culprit, he believes, in stunting Haiden’s cognitive development.

About 18 months ago, Day experienced a night he’d like to forget. Haiden had a high fever, which exacerbates his seizures, and was airlifted to the hospital. His temperature was running 105.6 degrees. To cool him down, which would help slow the life-threatening seizures, Haiden was surrounded by ice packs and laid on a chilled mat.

“He just knew he was cold, scared and miserable and I had to physically hold him down on the mat all night long. He begged me all night to let him up off that bed. Every couple minutes he’d say ‘pease,

pease, please.’ It was the worst night of my life and that is what I’m trying to fix, what I’m trying to avoid.”

Dr. Ian Miller, Haiden’s neurologist, said there’s no solid scientific evidence that marijuana is a good treatment for Dravet syndrome, or about how it works to calm seizures. But, given anecdotal reports that it’s been almost a miracle treatment, Miller said, people should be open-minded about it.

For kids who have exhausted all the conventional treatments, marijuana is “within the realm of think-ability because we are desperate to help these kids,” said Miller, Director of Neuroinformatics at Miami Children’s Hospital.

It won’t cure Haiden’s condition because it is due to a mistake in his DNA, Miller said. But Miller said he doesn’t have very serious concerns about side effects because after widespread use by people it appears marijuana’s chief effects are lethargy, apathy and increased appetite. “These are often distant concerns for children with severe epilepsy, and medications we use routinely have known risks that are potentially more serious,” Miller said.

### **One ounce for \$300**

Shortly after the Days moved west, Dr. Sanjay Gupta, CNN’s top medical correspondent, hosted a special about the calming effects of high-CBD pot on children with epilepsy.

Around that time Ryan Day began his quest to have Haiden authorized for medical marijuana in Washington.

No doctor he called in the Puget Sound area would do it. He tried a clinic that specializes in medical-marijuana authorizations. No luck.

Eventually, a sympathetic naturopath agreed to see Haiden, in part because her daughter was on a special-needs cheerleading team with a girl who has Dravet syndrome.

Day said his first visit to a dispensary was surreal. He brought Haiden because he had to. He saw jar after jar of strains with names like Purple Urkle and AK-47. “Those are names for comic books, not medicine” he said.

He bought an ounce of Sour Tsunami #3. It cost \$300.

Day proceeded to turn the dried flowers into a concentrated extract. He diluted that with coconut oil and took it to a lab to test its potency. Then he started adding a little to Haiden's applesauce.

He tested the medicine by holding Haiden in front of a window screen. He felt only one moment when Haiden might have twitched.

"I was like 'Eureka, we did it,' " Day said. Then he realized he was almost out of medicine. The ounce amounted to a week's supply. That meant Haiden's medicine could cost his parents roughly \$15,000 a year, out of pocket, because insurance wouldn't cover a federally prohibited drug. "That's when we said we're going to have to start growing this stuff."

Day's parents had no qualms about helping him buy growing equipment. "To me it's money well spent. I can't see anything wrong with what they're doing," said Tom Parkin, Ryan Day's stepfather and a retired police officer. "And I don't know many cops who would have a problem with what Ryan's doing. Obviously, they're not trying to get the kid high."

Day ordered \$2,300 worth of lights, fans and other gear. He got a couple plants from another parent growing for his child. He potted his "girls" — as most growers refer to their all-female plants. But one night Day discovered his soil was acidic. He turned to the Internet for a solution and read that baking soda would correct the problem. That was wrong. The plants died. He's trying again.

### **"Priced out"**

Day has several problems with the dramatic changes recommended for medical-marijuana by state officials last month, starting with the proposed ban on home-growing and collective gardens, a way for patients to pool their growing ability.

"If there is no home growing and no collective gardens where people can chip in, most parents are priced out of this," he said.

The proposed cut in patients' 60-day supply from 24 ounces to three ounces also troubles him. Day notes that for every pound Haiden gains his dosage needs to increase. "If my son was twice as heavy he'd need two ounces a week. That's the entire take-home pay for some people," he said.

Day also opposes the shift of medical patients to state-regulated recreational pot stores, scheduled to open by next summer.

“You’re going to have a recreational market much larger than the medical market with cash to burn,” Day said. “It’s quite possible patients won’t be able to find what they need and if they can, they may not be able to afford it.”

He plans to make his first public statements about the recommendations at a Wednesday public hearing at St. Martin’s University in Lacey.

Sen. Jeanne Kohl-Welles, D-Seattle, was the prime sponsor of a 2011 bill that would’ve put the medical system under tighter rules. Kohl-Welles said she wants to include some of Day’s key points in revisions to the medical system.

“One is that home grows should continue by the patients or by designated caregivers, in this case by the boy’s father,” Kohl-Welles said.

Kohl-Welles stressed, though, that her own proposals are still being refined.

“The main thing is someone like this little boy should be able to get medicine that helps him affordably and with relatively easy access and I’m particularly concerned about patients in rural areas,” she said.

Day said he understands the need for some changes, such as a registry of patients who are growing at home. “I don’t see anything wrong with the state having a list of people growing medical marijuana. The government does need some degree of certainty this isn’t turning into the Wild West,” he said.

He knows parents who disagree, who fear the feds will use a registry to raid the homes of growers.

He said he isn’t afraid.

“They’re not coming after us,” he said. “We are a PR nightmare for anybody that comes after us, because we’ll be on CNN for growing a form of marijuana that won’t get anyone high.”

*Bob Young: 206-464-2174 or [byoung@seattletimes.com](mailto:byoung@seattletimes.com)*

**Bob Young:** 206-464-2174 or [byoung@seattletimes.com](mailto:byoung@seattletimes.com); on Twitter: [@PotReporter](https://twitter.com/PotReporter).

<http://www.seattletimes.com/seattle-news/dad-fights-to-keep-growing-pot-to-ease-sonrsquos-seizures/>



## Medical Marijuana Patients Denounce Proposed Plant Limits, Patient Registry

By AUSTIN JENKINS · JAN 16, 2014

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File photo of a of a cannabis plant.

*Cannabis Training University / Wikimedia*

Originally published on January 15, 2014 3:54 pm

One of the hottest topics before the Washington legislature this year is how to regulate the medical marijuana marketplace.

Lawmakers plan to [consider several proposals](#) -- including whether to establish a patient registry and limits on the number of plants patients can grow at home.

At a hearing Wednesday, lawmakers heard plenty of criticism from patients and their advocates, including Ryan Day who said his five-year-old son takes a high dose marijuana extract to control severe epilepsy.

“I was a U.S. Marine. I’ve never done drugs in my life,” Day said. “My wife is an elementary school teacher with an advanced degree in teaching mathematics to special needs children. We are good taxpaying, law abiding citizens who just want to help our son.”

But Day said the proposed limit of three plants per patient for home grows wouldn’t produce enough medicine for his son.

Washington’s Liquor Control Board and other agencies have proposed to lawmakers that they roll the current unregulated medical marijuana marketplace into the state’s new regulated recreational market.

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<http://kuow.org/post/medical-marijuana-patients-denounce-proposed-plant-limits-patient-registry>

## Inslee signs overhaul of medical marijuana market

By Associated Press Thursday, April 23rd 2015

OLYMPIA, Wash. (AP) - Nearly two decades after voters passed a medical marijuana law that often left police, prosecutors and even patients confused about what was allowed, Gov. Jay Inslee signed a bill Friday attempting to clean up that largely unregulated system and harmonize it with Washington's new market for recreational pot.

Among the law's many provisions, it creates a voluntary registry of patients and, beginning next year, eliminates what have become in some cases large, legally dubious "collective gardens" providing cannabis to thousands of people.

Instead, those patients will be able to purchase medical-grade products at legal recreational marijuana stores that obtain an endorsement to sell medical marijuana, or they'll be able to participate in much-smaller cooperative grows, of up to just four patients.

And those big medical marijuana gardens will be given what lawmakers describe as a path to legitimacy: The state will grant priority in licensing to those that have been good actors, such as by paying business taxes.

"I am committed to ensuring a system that serves patients well and makes medicine available in a safe and accessible manner, just like we would do for any medicine," Inslee wrote in his signing message to the Legislature.

The proliferation of green-cross medical dispensaries has long been a concern for police and other officials who decry them as a masquerade for black-market sales. Some proprietors of new, state-licensed recreational pot businesses - saddled with higher taxes - called them unfair competitors.

Washington in 1998 became one of the first states to approve the use of marijuana for medical purposes, but the initiative passed by voters did not allow commercial sales. Instead, patients had to grow the marijuana for themselves or designate someone to grow it for them. The measure did not prohibit patients from pooling their resources together to have large collective gardens on a single property, but the size of some made law enforcement queasy, and raids sometimes resulted.

Medical marijuana growers repeatedly sought legislation that would validate their business model, coming closest in 2011, when the Legislature approved a bill to create a licensing framework for medical dispensaries. But then-Gov. Chris Gregoire vetoed much of the measure.

This time, with the state seeking to support its nascent recreational pot industry after the passage of

Initiative 502 in 2012, there was a financial impetus to pull the medical users into the recreational system. The recreational businesses pressed for a tight rein on the medical industry with newfound lobbying muscle, and the medical businesses countered with some of their own.

That left advocates concerned that the people who are actually sick were the ones losing out. Under the new system, patients will be buying more heavily taxed marijuana, and they'll be allowed to grow fewer plants at home.

"This is pejorative to patients while being friendly to those who are in the business of patients," said Muraco Kyashna-tocha, who operated a Seattle medical dispensary. "There are sincere patients who don't have any money. They're cancer patients who are being bankrupted by their treatment."

Under the new law, patients who join the voluntary registry will be allowed to possess three times as much marijuana as is allowed under the recreational law: 3 ounces dry, 48 ounces of marijuana-infused solids, 216 ounces liquid and 21 grams of concentrates. Such a patient could also grow up to six plants at home, unless authorized to receive more.

Patients who don't join the registry can possess the same as the recreational limit of 1 ounce, and grow up to four plants at home - which recreational users can't.

Sen. Ann Rivers, a Republican from La Center who was the sponsor of the measure, said that part of the reason the registry is so important is to find out if there are enough stores providing medical products to patients.

"We have no idea how many patients we have in this state," she said.

Inslee, who vetoed some minor sections of the bill, was joined during the signing by Ryan Day and his epileptic 6-year-old son, Haiden. The boy's seizures have been managed with an extracted liquid form of marijuana.

Day said the new law gives his family more certainty.

"We were under the threat every single year that the system was going to change in a way that was going to take away my ability to help my son," he said.

<http://komonews.com/news/local/inslee-signs-overhaul-of-medical-marijuana-market>



City of Tacoma  
Planning and Development Services

Agenda Item  
D-2

**To:** Planning Commission  
**From:** Elliott Barnett, Planning Services Division  
**Subject:** **Tacoma Mall Neighborhood Subarea Plan and EIS**  
**Meeting Date:** February 3, 2016  
**Memo Date:** January 28, 2016

At the February 3<sup>rd</sup> meeting the Commission will receive an update on the *Tacoma Mall Neighborhood Subarea Plan and Environmental Impact Statement (EIS)* project, and provide further direction for the next phase of the planning effort. The City is currently developing a Subarea Plan and EIS for a 601-acre proposed Regional Growth Center, including the current 485-acre Regional Growth Center and a 116-acre expansion area. The effort will result in a plan and implementation strategies to achieve local and regional goals for the neighborhood, as well as programmatic environmental approval for future development that is consistent with the plan. This work is being funded primarily by a \$250,000 National Estuaries Program Watershed Protection Grant, administered by the State Departments of Ecology and Commerce.

Between July and October 2015, the City conducted a major public and stakeholder engagement effort, including multiple public meetings and events culminating in a multi-day Design Workshop. In addition, the City analyzed existing conditions, and completed the formal EIS Scoping process. On November 4<sup>th</sup>, 2015, the Planning Commission discussed input and issues analysis to date, and provided input on key issues and strategies. Since that time, the project team has analyzed existing conditions in the proposed expansion area, further synthesized the input to date, and refined the key strategies discussed in November. In addition, decisions on the project area, approach and schedule have been made.

Through June 2016, the City will build on this work to develop the Draft Plan and Draft EIS. This phase will include a second focused stakeholder engagement effort. The four attached maps, based on the Illustrative Vision developed in September, are the starting point for this next phase. They depict draft proposals for land uses, development intensity and the street network. At the meeting, the project team will articulate the analysis and key issues that informed them, as well as describe additional work products now under development.

Also attached are summaries of public comments, the EIS Scoping process, and the Design Workshop which will be integral to development of the full plan and EIS. Additional information is available at [www.tacomamallneighborhood.com](http://www.tacomamallneighborhood.com). Contact Elliott Barnett at (253) 591-5389, or Molly Harris at (253) 591-5380, or email the team at [tacmallneighborhood@cityoftacoma.org](mailto:tacmallneighborhood@cityoftacoma.org).

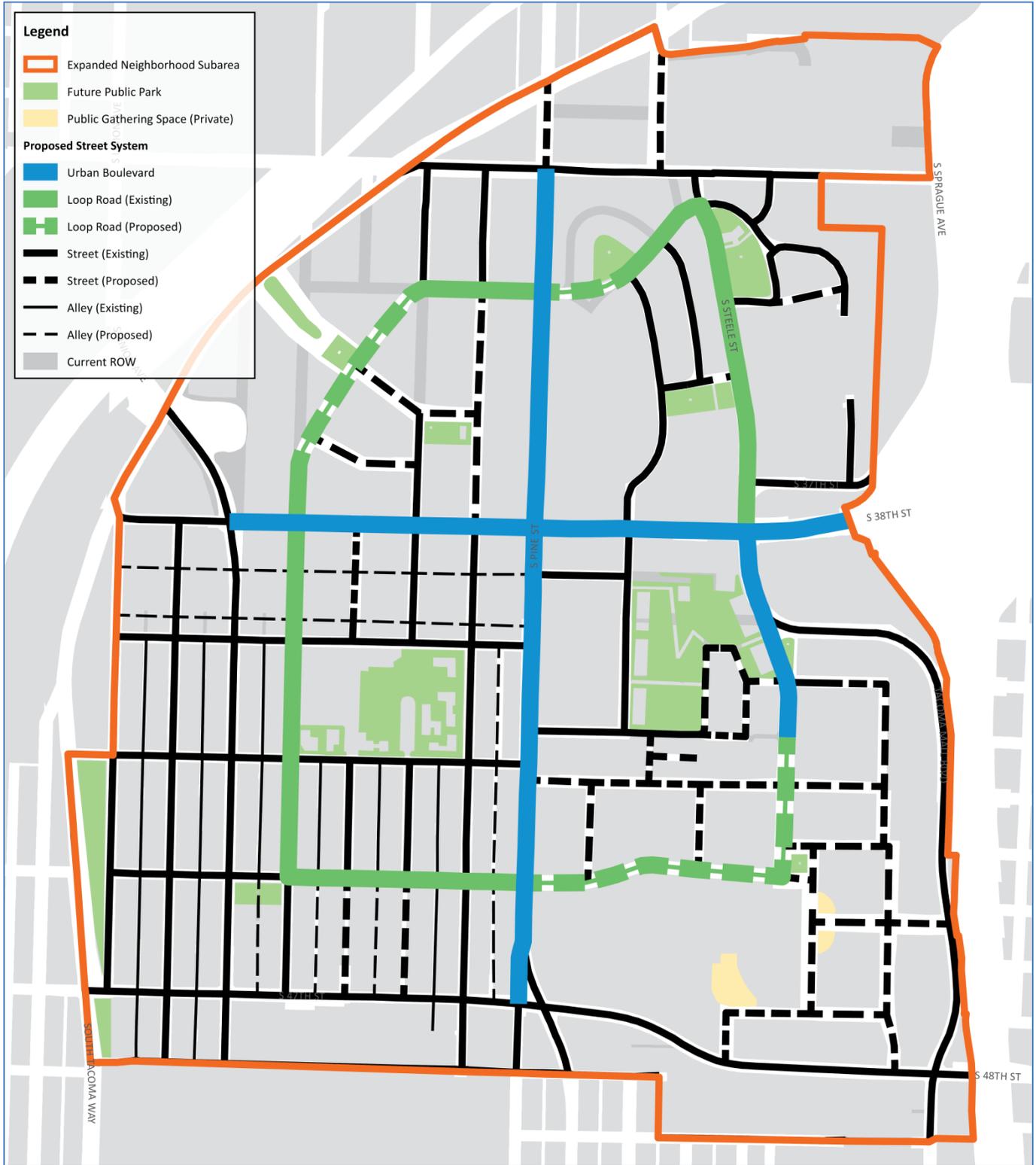
Attachments:

1. Preliminary Draft Map Exhibits
2. Comments Summary
3. EIS Scoping Summary
4. Design Workshop Summary

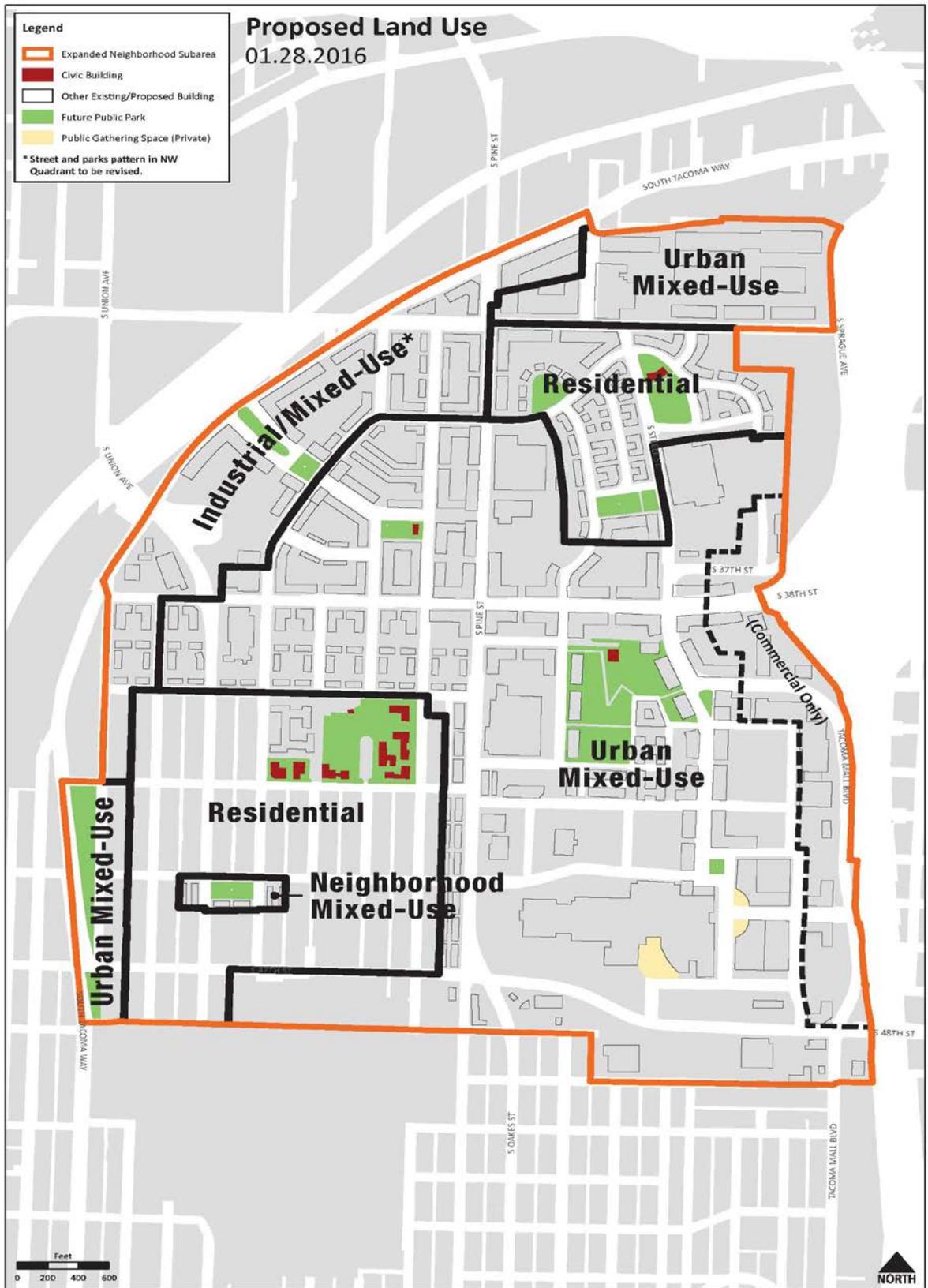
c: Peter Huffman, Director



# Proposed Street Network



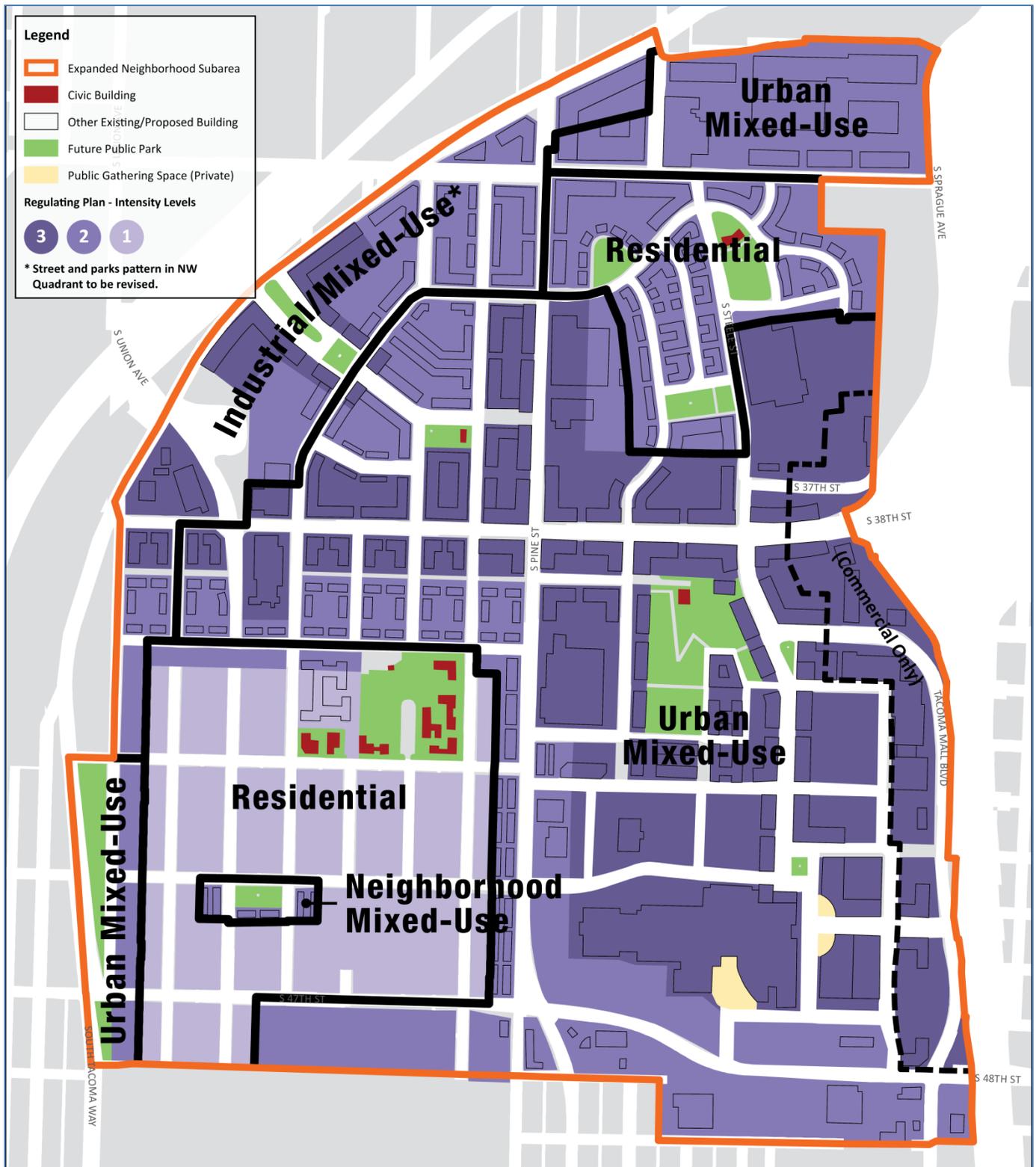
# Proposed Land Uses



# Proposed Intensities



# Proposed Land Uses and Intensities



## Report on Comments Received through December 30, 2015

### Tacoma Mall Neighborhood Subarea Plan

#### INTRODUCTION

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##### *Tacoma Mall Neighborhood Subarea Plan*

The City of Tacoma is developing a subarea plan that will guide positive growth and change within the Tacoma Mall Neighborhood. By 2040, the City is planning for roughly 8,100 new residents and 7,600 new jobs in the designated 485-acre neighborhood. The City is also proposing a 116-acre expansion of the area which would increase planned growth to roughly 8,900 new residents and 8,400 new jobs. As part of the planning process the City is reaching out to community members and other stakeholders to ask for input on the best way for this growth to occur. The planning process will also include an Environmental Impact Statement (EIS) that will identify environmental impacts and target mitigation measures and implementation steps to achieve the plan's vision.

##### *Comment Report*

The City has received a number of comments on the subarea plan and EIS from members of the public and other stakeholders, and expects to receive many more comments throughout the planning process. Comments will be considered during development of the subarea plan and EIS. There are common themes between many comments. Some of these include:

- Create a positive neighborhood identity and sense of place
- Promote quality development that supports neighborhood character
- Add parks and green space
- Create a safer community
- Provide better access to community services
- Build green infrastructure
- Improve traffic safety and streets
- Make the area walkable, bikeable and transit-ready
- Create a mix of uses that promotes economic growth and supports local businesses
- Make sure the neighborhood continues to have housing that is affordable
- Promote public health
- Engage the community in the planning process

*The City will consider the ideas and insights offered by citizens and other stakeholders as part of the planning process. They may not all be included in the final subarea plan and EIS.*

In order to identify the range of policy recommendations and related background information that has been provided by the comments, the City prepared the comment report on the following pages. This report is not intended to replace more detailed, individual comments. It will be updated periodically as new comments are received.

### ***Comment Sources***

The sources of public and stakeholder comments are listed below.

- Written comments submitted to the City throughout the planning process, including during the EIS scoping comment period
- Stakeholder interviews conducted in summer of 2015
- Focus groups conducted by Tacoma-Pierce County Health Department in summer of 2015
- Public meeting on August 26, 2015
- Design workshop meetings held from September 21 to 24, 2015
- EIS scoping meetings on September 17 and October 22, 2015
- Stakeholder group meeting on November 12, 2015
- Briefings to City staff and stakeholders during fall and winter of 2015
- Meetings of the City Council and other City bodies throughout the planning process

The City has and will continue to encourage participation in the planning process. For instance, the City sent three mailings to property owners in the neighborhood inviting them to attend public meetings, and also advertised engagement opportunities on the City website, in the newspaper and with flyers. Additionally, the Tacoma-Pierce County Health Department retained a local community outreach consultant, NW Sound Consulting, to employ door-to-door outreach to residents and local business owners and invite them to participate in the planning process.

Meeting summaries are available on the project website: [www.tacomamallneighborhood.com](http://www.tacomamallneighborhood.com)

## **COMMENT REPORT**

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### **LAND USE, ECONOMIC DEVELOPMENT & COMMUNITY IMPROVEMENTS**

#### ***Policy Topic Comments***

- Support mixed-use development, with retail on the bottom and affordable residential on top
- Develop an economic development strategy for the neighborhood that supports the type of commercial and mixed use development envisioned for the future
  - Ensure that this strategy does not compete with Downtown
- Consider ways to incentivize developers to build the types of uses that will achieve the community's vision

- Partner with the Tacoma Mall to achieve desired land use patterns
- Expand the Tacoma Mall and commercial businesses, this will create jobs and help the neighborhood achieve the density of a mixed use center
- Consider how the changing nature of retail will impact the area. For instance, store footprints are shrinking and people are buying more online.
- Promote local-serving business
- Promote distribution, warehousing and light industrial uses like craft brewing in appropriate areas of the neighborhood
- Minimize impacts of regulations on existing businesses
- Increase residential density to create market conditions supportive of local-serving businesses, retailers, bars, restaurants, etc.
- Locate multifamily housing closer to shopping, recreational areas, police and fire stations, transportation hubs
- Promote dense development throughout the neighborhood
- Don't allow upzoning
- Rezone parts of the neighborhood adjacent to the South Tacoma Manufacturing and Industrial Center, such as existing warehouse uses in the northwest, to allow for a wider range of industrial uses that fully realize the potential of these properties and promote economic and job growth
- Consider modifying the boundaries of the study area, potentially to incorporate more industrial areas to the south and west, and commercial areas across I-5
- Include the Pierce County Annex Campus in the Tacoma Mall Neighborhood Subarea Plan area and zone the campus as Urban Center Mixed Use (UCX), to ensure this employment and civic center is integrated into the neighborhood
- Include Cascade Park Gardens in the Tacoma Mall Neighborhood Subarea and rezone this area from industrial to match the zoning in the West Mall neighborhood, in order to allow for expansion of this facility which provides memory care and assisted living
- Do not include the Titus Will properties in the subarea
- Promote affordable, healthy food sources that are easily accessible within the neighborhood
  - Incentivize the provision of a full-service grocery store in the area, food banks, an all-season farmer's market, better management and care of the community garden
  - Work with property owners to identify potential site for a grocery store, such as the current post office site or Goodwill site
  - Plant fruit-bearing trees on public streetscapes
  - Allow for container gardens, rooftop gardens and gardens in the yards of single family, multifamily and mixed use properties
  - Limit fast food restaurants

- Promote development of vacant lots, in order to achieve the neighborhood vision and decrease criminal activity associated with vacant lots
- Transition vacant and underutilized buildings to small scale local retail such as boutiques and restaurants
- Speed up timeline for evictions and condemning and demolishing property
- Encourage additional outpatient medical facilities
- Preserve and expand the Peace Garden next to the Hillside Community Church
- Protect existing church uses
- Protect mineral rights
- Promote sit down restaurants, locally-owned restaurants
- Limit commercial chain restaurants and ethnic restaurants
- Limit or prohibit pot shops and liquor stores
- Limit the number of transmission towers in the neighborhood
- Include development procedures that incorporate steps to assess and evaluate archaeological resources that may be affected by proposals that involve ground-disturbing work

#### ***Related Informational Comments***

- Growth has occurred haphazardly in the neighborhood in the past and has had negative impacts on the community
- The neighborhood has a lot of people who are low-income and there's no food bank nearby. There used to be one down on South Tacoma Way, but it is gone.
- A few existing uses that are important to residents include the Tacoma Mall, Costco, Marlene's Market, the post office, the police station, retail stores, restaurants, the Madison School, the Water Flume Trail and single family residential uses in the West Mall neighborhood and the Lincoln Heights neighborhood
- There are a lot of empty buildings in the area
- There has been a history of inconsistent implementation of Local Improvement Districts in the area. There are fairness concerns as well – some property owners pay for improvements that benefit abutting property owners who don't contribute.

### **AESTHETICS, URBAN DESIGN & NEIGHBORHOOD IDENTITY**

#### ***Policy Topic Comments***

- Create a positive identity and sense of place for the neighborhood
  - Develop a brand and a contiguous look and feel for the neighborhood
  - Consider a new name for the neighborhood, possibly one reflecting the area's history
  - Create new public gathering spaces to foster community identity

- Use public art to help create a positive identity, focusing on entrances to the neighborhood
- Use public sidewalks as a place-making opportunity
- Consider the cultural and economic diversity of residents in placemaking projects
- Promote business partnerships that support identity of place. For instance, work with property owners and businesses to improve the streetscape and attract investment and customers to the area.
- Create a place that has the same type of energy and sense of identity as the Proctor District/6th Ave/Stadium District
- Create a place like Tyson's Corner, VA
- Adopt design guidelines that result in higher quality development and support the neighborhood vision
  - Limit what developers can build
  - Use green building practices
  - Design public rights-of-way to accomplish multiple goals
  - Incorporate policies pertaining to site design, urban form, and landscaping into the plan
  - Consider costs of design standards and impact on future development
  - Consider the Curb Appeal Guide published by Hampton Neighborhoods for examples of ideas of how to improve the neighborhood through design
- Preserve elements of historic character that contribute to neighborhood identity, such as the mid-century design of the Tacoma Mall, war-time bungalows in Lincoln Heights, the traditional street grid and single family homes in West Mall, etc.
  - Protect properties evaluated to be architecturally and/or historically important, which may include built environment resources that are 50 years or older
  - Consider the cultural and environmental impacts of demolishing existing buildings
- Create a built environment that supports public health for people of all ages and abilities, with a pedestrian-friendly environment and easy access to green spaces, public gathering places, parks, healthy foods and services including shopping, medical and social services
  - Work with the Health Department and the City's Equity and Human Rights Office to address social determinants of health and determinants of equity
  - Provide public rest rooms and drinking stations in parks/green spaces/streetscapes
- Promote health and safety through design, for instance through lighting, adequate space between buildings, ADA compliance, and integration of emergency contact phones, waste receptacles and animal waste pick up stations in public spaces and along streets

- Mandate use of native plants and Low Impact Development (LID) techniques in landscaping
- Call the hill by the Apex Apartments “Dogwood Hill.” This is what it used to be called.
- Limit the impact of tall buildings on sunlight and view access
- Require air quality monitors in all new buildings, and for pollutant-emitting businesses
- Require all wiring and piping to be underground, and time installation to occur before roads are resurfaced
- Don’t allow front doors to face alleyways
- Don’t allow gated communities in the neighborhood
- Enforce private and commercial upkeep, including requiring land owners to keep areas in front of their properties clean, and remove graffiti and unmoved vehicles

#### *Related Informational Comments*

- There is currently no cohesive identity or sense of place for the neighborhood
- The neighborhood has a lot of negative features
- Current urban design of the area doesn’t seem like a mixed use urban center, it seems like dated, unattractive suburban sprawl
- Current design is auto oriented
- The neighborhood is an art desert lacking public art and cultural activities
- Heavily wooded green spaces have safety issues
- The area has a mix of different ethnicities and cultures
- Residents’ incomes range from middle income to poverty

## **HOUSING**

#### *Policy Topic Comments*

- Provide a mix of housing types including affordable and senior housing
  - Consider housing diversification and intensification, such as cluster housing, co-housing development, etc.
  - Promote equitable access to affordable housing for families of different incomes
  - Maintain existing supply of affordable housing units, or equivalent
  - Don’t allow subsidized housing
- Consider what housing types can be a catalyst for change – and what incentives are needed
- Encourage use of environmentally friendly housing construction
- Preserve the wartime housing in the Lincoln Heights neighborhood
- Protect the residential, lower-density character of the West Mall neighborhood, and allow single family homes
- Don’t allow any more apartments in the West Mall neighborhood

- Designate areas for single family housing only
- Don't allow mother in law homes, duplexes or multifamily housing next to single family residential areas
- Reserve space in condos and apartment buildings for community use
- Promote homeownership
- Require developers to provide parking for residents, at least two spots per unit

#### ***Related Informational Comments***

- People live in the neighborhood because homes are affordable and it is a central location, has good freeway access and is close to JBLM
- It can be difficult to attract new residents due to the neighborhood's image problem
- Many apartments are gated due to community concerns and amenities inside the complexes are not accessible to the public
- If neighborhood housing prices go up as a result of new development/improvements, involuntary displacement of current residents could become an issue
- The current rental market is for \$1,000/month or less
- There is fast turnover among apartment residents
- The new apartments have not provided enough parking for residents
- West Mall used to be a nice single family neighborhood, since recent zoning changes there has been a lot of low quality, higher density development
- Lincoln Heights was built as part of the Salishan shipyard housing project during WWII
- Development of the old and new Costco stores broke up the land use pattern in the Lincoln Heights neighborhood
- Residents have lost views of Mt. Rainier and the Olympics due to new tall buildings
- There are people who are homeless in the neighborhood

## **TRANSPORTATION**

#### ***Policy Topic Comments***

- Improve traffic safety/congestion and the condition of transportation infrastructure throughout the neighborhood
  - Use Vision Zero as the guiding rubric for decision-making. Improving safety for pedestrians, cyclists, and drivers should be the top priority.
- Create a system of complete streets
- Improve bicycle and pedestrian connections within the neighborhood, to adjacent neighborhoods in South and East Tacoma (across I-5), and to destinations such as Downtown/6th Ave/Proctor District (across SR16), and the STAR Center
  - Provide marked bicycle lanes and ADA compliant sidewalks on major thoroughfares

- Turn the vacant lot at S 48<sup>th</sup> St and S Fife St into a park, with a connection to S 47<sup>th</sup> St and the transit center. There is already an informal trail worn by users here.
- Install bike lanes and sidewalks along the length of S 47th St/ S 48th St and S Pine St all the way through the Nalley Valley
- Consider the following routes for bike/ped:
  - S Pine St
  - S 35th St east to Union to Tyler, up into the Tacoma Mall neighborhood at a new connection through unimproved ROW
  - Wright Ave
- Consider building a new bike/ped bridge between S 38th St and S 48th St in the future
- Install sidewalks and crosswalks on the S 38th St and the S. 48<sup>th</sup> St highway bridges
- Create connections with the neighborhood south of Best Buy
- Consider a pedestrian street connecting West Mall neighborhood, Tacoma Mall and Lincoln Heights neighborhood
- Consider creating a connection to the Scott Pierson trail along S Alder/Pine/Cedar Streets
- Increase transit and pedestrian connections between South Tacoma Way and Downtown
- Improve pedestrian and bicycle connections to the Water Flume Trail
- All sidewalks should be ADA compliant, have ADA compliant crossing signals, and benches every other block
- Consider adding a parallel side street north of S 38th St designed for ped/bike use and light vehicle traffic
- Provide more parking options in the neighborhood such as garages
- Provide more transit or more parking when increasing residential density
- Provide residents and employees in the neighborhood with transit options for different travel scenarios such as shopping, work and recreation
  - Work with Pierce Transit to improve bus level of service to connect people from home to work
- Coordinate with Pierce Transit on goals for the future of the Tacoma Mall transit hub, and with Sound Transit on plans for future light rail station, to support the vision for the neighborhood, integrate bus and rail transit service, plan for parking that will support transit ridership, and link the neighborhood with regional destinations
- Finish the planned light rail station before starting other development –build the light rail station by bus transit terminal at the mall and add a corresponding large parking area

- Move the bus station in front of the Tacoma Friends Meeting church farther away
- Promote a trolley connection to the neighborhood
- Reduce vehicle emissions and increase clean modes of travel
- Provide public charging stations for electric vehicles
- Install left hand turn lights on 48th St at the Tacoma Mall Blvd
- Consider adding a light at S Fife St and S 38th S
- Improve traffic flow and safety conditions on S 38<sup>th</sup> St near I-5
  - Create a new mall entrance off the freeway, or slip lane, to decrease traffic at the intersections of S 38th St and S Steele St and support their transition to becoming more ped/bike-friendly
  - Engage WSDOT in complete streets planning around highway interchanges
  - Add an I-5 off ramp to S 38<sup>th</sup> St
  - Repave the intersection of S. 38<sup>th</sup> and Steele Streets with concrete to better withstand its high traffic volumes
- Calm traffic in the West Mall neighborhood and make streets more pedestrian friendly
  - Consider making S 43rd St pedestrian-only west of S Pine St, with a pedestrian bridge over S Pine St to connect to the mall and potential future transit station, and continue pedestrian-only street on S 42nd St ROW east of S Pine St, maybe connecting with the hill/future park and continuing down to Steele with stairs (like the Spanish Steps) between Apex and Rainier Apartments, or continuing north over S 38th St to Montana Ave (see Attachment 1 for conceptual design of route including rooftop play areas and parking garage)
  - Consider a jog in street grid to slow traffic, potentially at S 43rd St/pedestrian street
  - Consider one-way streets to improve traffic safety
  - Use signs to slow traffic
- Improve street infrastructure in the West Mall neighborhood, including pavement repairs and installation of curb/gutter, paint lines, traffic signs, designated on-street parking areas, pedestrian infrastructure (sidewalks, crosswalks, signage) and street lighting
- Require roads to be equal or wider than 3-car width
- Prohibit parking in alleyways that blocks the flow of traffic
- Require cyclists to have safety reflectors and lights, obtain driving permits and obey traffic laws

### ***Related Informational Comments***

- Transportation conditions in the neighborhood are a challenge, improving them will be key to revitalizing the area
  - Traffic congestion is a problem and it is made worse by the disconnected street grid

- Lack of adequate parking is a problem
- Streets need to be repaved and potholes need to be filled
- The area is not very walkable or bikable. There are few safe places to walk and bike, poor connectivity with destinations.
- The Tacoma Mall neighborhood has a very high concentration of crashes involving all transportation modes
- Tacoma Mall Transit Station is aging and in need of refurbishing
- The Tacoma Mall is an important transit hub that draws people from all over
- The neighborhood could be better served by transit
- Transit use in the neighborhood is about 90 people/bus stop/day
- The neighborhood contains some very difficult streets to cross, such as S. 38th Street
- S 38th St divides the Tacoma Mall Subarea and makes it difficult to think of the entire area as a neighborhood
- Disconnected streets are an issue
- There is a lot of traffic congestion in the neighborhood, it is difficult to get out
- Tacoma Mall parking is currently maxed out, new parking would be required to support new businesses in the mall
- Amtrak rail traffic is going to increase once the Point Defiance Bypass is completed, which will impact traffic flow in the Tacoma Mall neighborhood
- The pedestrian bridge across I-5 is not used by many people because it is out of the way, has poor access, and puts people at the intersection of S 38th St and S Steele St which is difficult to cross. Many people just use S 38th St which is scary because it has no ped/bike facilities (no sidewalks, crosswalks) and has high traffic levels and multiple on/off ramps.
- In the West Mall neighborhood many garages face the street, making it dangerous to walk

## **PUBLIC SERVICES, PARKS, NEIGHBORHOOD AMENITIES & PUBLIC SAFETY**

### ***Policy Topic Comments***

- Create safe places for children, youth, seniors and other community members to recreate
  - Turn the vacant lot at S 48<sup>th</sup> St and S Fife St into a park
  - Turn the vacant lot at S 43<sup>rd</sup> St and S Alder St into a park
  - Consider creating a park on the hill next to the Apex Apartments
  - Increase public access to Madison School grounds
  - Provide recreation facilities to serve seniors
  - Provide basketball courts, playfields, play areas, a public skateboarding area, a track, a gym, and activity center/library with programming, games and food

- Work with Metro Parks, Boys and Girls Club, churches, other community groups or the private sector to create recreation facilities or a community center in the neighborhood
  - Keep recreation/community areas open in the evenings and on weekends
  - Consider a movie theater
- Provide increased access to community services including youth programming and job assistance/professional development training, for instance by building a community center/senior center/library with computers and other resources, in order to foster quality of life for residents, empower community members and provide an alternative to crime
- Consider combining multiple services in a single facility: health care, youth programming, educational services, referral services, job training, non-profit services, government assistance
- Create a dog park
- Provide parks/green space within walking distance
- Increase the amount of publicly accessible green space
- Provide pockets of natural areas for native plants and wild urban animals
- Build a neighborhood school, or start using Madison School again for this purpose
- Improve the Madison School complex and its role in the neighborhood
  - Repair the building and make more visually appealing, i.e. with colorful paint
  - Improve public access to field and play area
  - Provide more community services/events at complex
  - Work with the Tacoma School District to evaluate future school facility opportunities in the area, at the Madison site or other locations
- Create a public art plan for the neighborhood
  - Identify opportunities to increase cultural activities
  - Employ temporary art to activate spaces and places
  - Use art as a community engagement tool
  - Use art to celebrate the cultural diversity of the neighborhood
  - Consider implementation of a public art in private development fee
- Ensure that police and fire service is adequate and keeps pace with growth
- Provide increased, visible police presence to deter criminal activity
- Work with local community organizations, such as Safe Streets and local churches, property managers, and local law enforcement to explore public safety measures
- Create a litter removal program, similar to ones advertised on public highways

### ***Related Informational Comments***

- There is no safe place right now for kids and teens to hang out. A lot of them live in apartment buildings without a yard, so they play on the streets, sidewalks and driveways
- The levels of public services in the neighborhood have been declining for years
- Crime is a significant challenge for the community
  - Crime occurs regularly in the neighborhood including break ins, fights and gang activity
  - Related issues include vacant buildings and lack of safe places for youth to hang out
  - Neighborhood perception is strongly influenced by crime, makes it harder to attract investment and new residents
- There are not enough parks and green spaces
- There used to be a Boys and Girls Club in the neighborhood that provided youth programming and where seniors played pinochle. It moved down to 64th/to the STAR Center and this was a major loss for the neighborhood
- Many parents drive students to schools other than the local elementary school to receive what they consider a better education for their children
- Two water infrastructure replacement projects are planned for the near future between S 38th St and 47th St, at S Puget Sound Ave and S Union Ave
- Tacoma Public Utilities has substations around the neighborhood and wants to plan for increases in commercial, residential and industrial uses

## **ENVIRONMENT & STORMWATER**

### ***Policy Topic Comments***

- Protect trees, including mature trees such as White Cedar of Jordan and Garry Oaks
- Provide dense tree cover in green spaces and in residential neighborhoods to help meet the City's goal of 40% tree cover
- Prevent landslides on hillsides, for instance by requiring vegetation to stabilize slopes
- Protect groundwater quality and the City's drinking water resources in the South Tacoma Groundwater Protection District
- Require green infrastructure in order to manage stormwater and to recharge aquifers
- Use native plants and Low Impact Development (LID) techniques in streetscapes
- Combine stormwater improvements with investments in new public open spaces
- Require stormwater to go through a filtering process before flowing into receiving waters
- Require developers to mitigate for impacts to stormwater basins
- Explore "de-paving", or removing pavement, and adding landscaping and green features

- Require green roofs and solar panels
- Adopt conditions for soil disturbance to prevent exposure to harmful Asarco smelter contamination
- Require developers to improve water supply infrastructure to support new construction
- Require developers to use brown water and black water systems
- Allow commercial properties to recycle without additional costs
- Provide “junk containers” at multiple locations and routinely pick up and take to land fill

#### ***Related Informational Comments***

- Streets in the area aren’t very green, they could be designed to manage stormwater better and generate less runoff
- The neighborhood’s watershed affects the Foss Waterway and Chambers Creek
- Runoff goes from the Tacoma Mall down I-5 into Wapato Park, contributing to contamination problems in Wapato Lake
- Tacoma’s City Code requires protection of groundwater resources in the South Tacoma Groundwater Protection District. This groundwater is critical for summer supply.
- Littering and illegal dumping are problems in the neighborhood

### **COMMUNITY & STAKEHOLDER ENGAGEMENT**

#### ***Policy Topic Comments***

- The City must fully engage with the community and provide ample opportunity for this plan to be shaped by the community
- Continue to work closely with community members to implement, monitor and update the subarea plan to reflect changing conditions and needs in the neighborhood
- Build community capacity and identify local leaders to serve as neighborhood advocates who serve as a bridge between the City and residents
- Code enforcement should be culturally sensitive
- Work with the Puyallup Tribe as part of the planning process
- Strengthen partnerships with the private sector, community groups, and public agencies to work towards the vision for the Tacoma Mall neighborhood

## NOTABLE QUOTES

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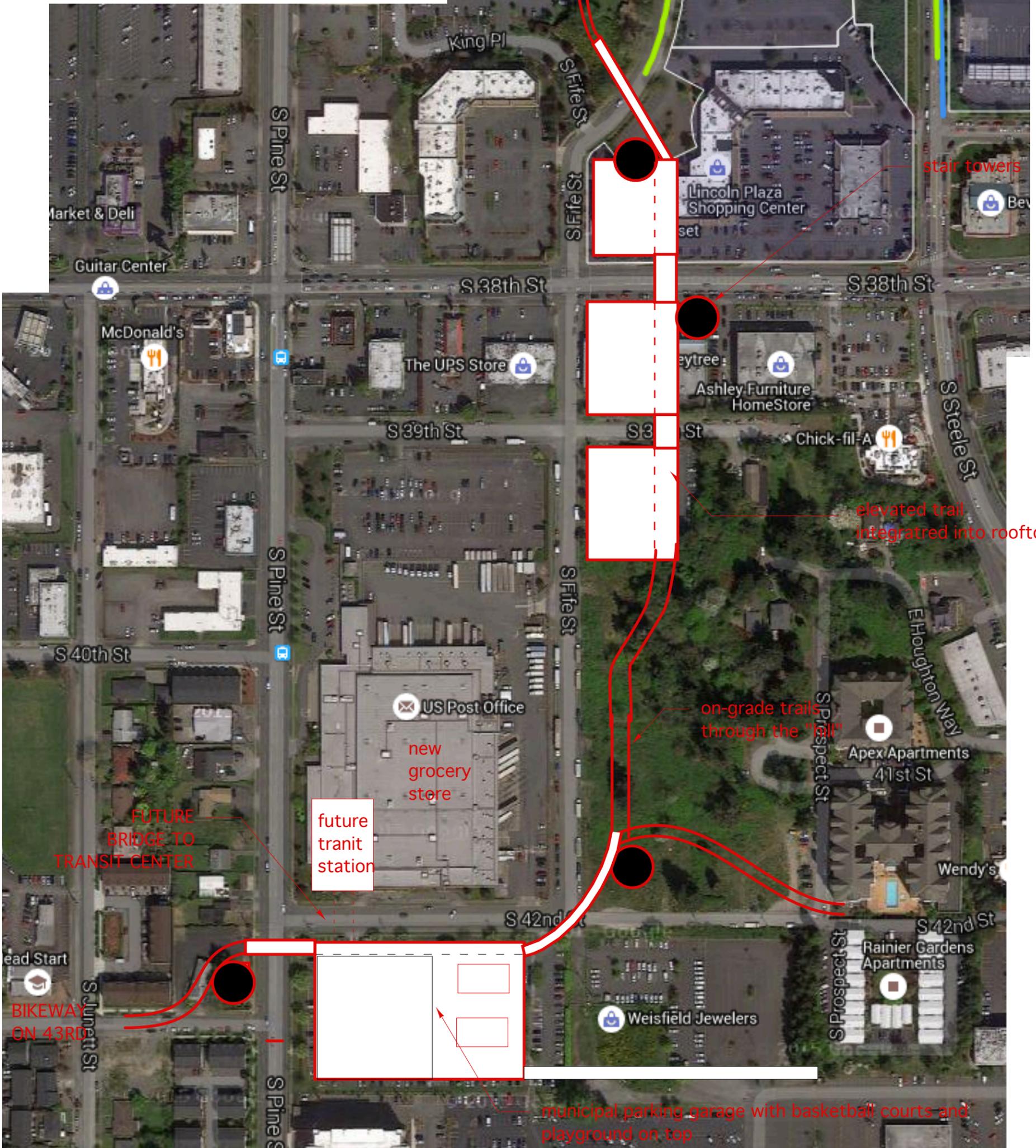
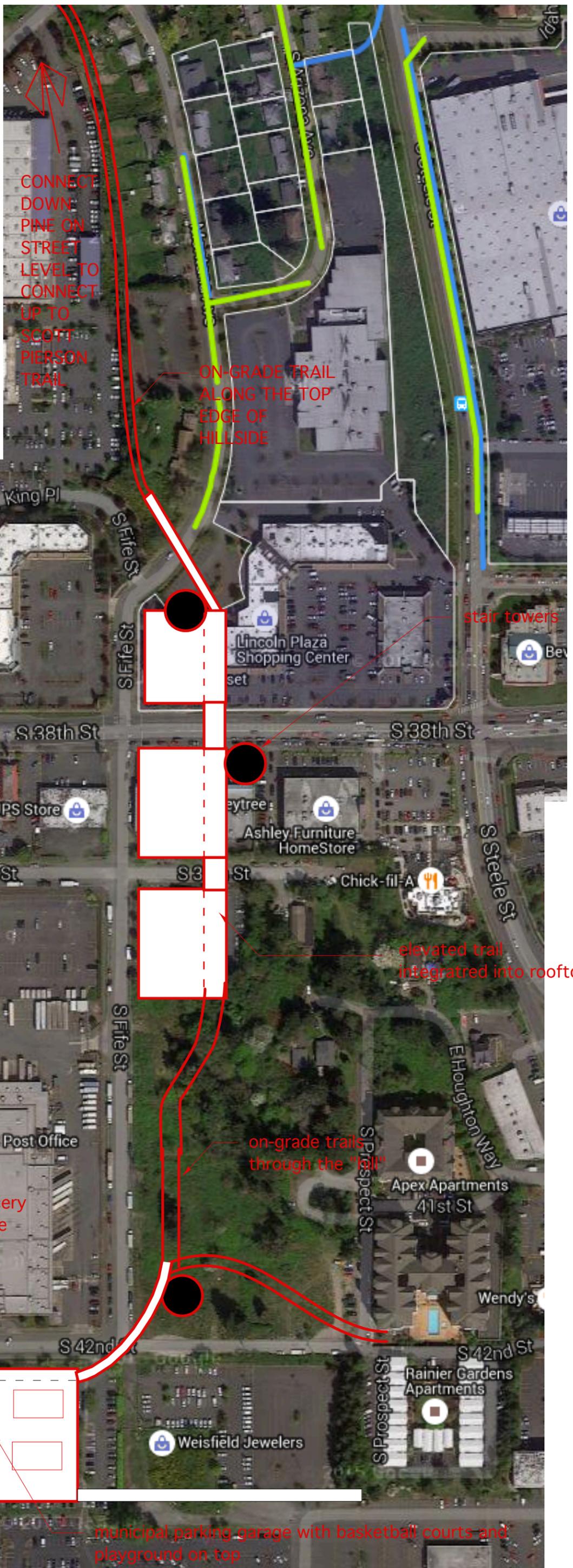
- “There is no safe place for kids to go.” –August 26 Public Meeting
- “People come here to shop but it isn’t the kind of place they want to stay.” –Stakeholder Interviews
- “A walkable Tacoma Mall Neighborhood might look different than a walkable 6<sup>th</sup> Ave.” –Stakeholder Interviews
- “It's not just about creating a plan to help pack more people in. It's, how do we create a plan that's going to have quality urban living?” –September 17 Scoping Meeting
- “We need some more sidewalks, crosswalks, things like that. Maybe a school.” –September 17 Scoping Meeting
- “Improving safety for all people – whether they are walking, biking, or driving – should be the top priority of this project.” –Scoping Comment Letter

# Tacoma Mall Linear Park Schematic Idea



JILL SOUSA  
ARCHITECT

TELE: 253.468.9662 JILL@JILLSOUSAARCHTECT.COM





## Tacoma Mall Neighborhood Subarea Plan EIS

### Scoping Summary

01/19/16

#### INTRODUCTION

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The City of Tacoma is preparing a subarea plan for the Tacoma Mall Neighborhood which will become an element of the City's Comprehensive Plan. The subarea plan will establish a vision, goals and strategies to guide growth and development.

The study area for the subarea plan includes the entire Tacoma Mall Regional Growth Center, which has been designated by the Puget Sound Regional Council as well as the City of Tacoma. The study area also includes the potential expansion area shown in Figure 1 on the next page. The Tacoma Mall Regional Growth Center is approximately 485 acres and the potential expansion area is 116 acres.

As part of the subarea planning process the City is preparing a non-project environmental impact statement (EIS) as provided for under RCW 43.21C.420. The EIS will also support a future potential planned action designation and ordinance and/or infill exemption, as provided for under RCW 43.21C.031 and RCW 43.21C.229. The EIS will evaluate potential significant environmental impacts associated with future development in the study area and identify mitigation measures. The EIS analysis will adequately address probable significant adverse impacts of the proposal and identify potential mitigation so that subsequent environmental review of project-specific development proposals that are consistent with the study area's development regulations is not needed.

The EIS will analyze two alternatives for the subarea plan, a No Action Alternative and an Action Alternative. This is a change from the City's earlier intent to study two action alternatives and a no action alternative, as stated in the Determination of Significance/Scoping Notice.

Under the No Action Alternative it is assumed that development will occur within the current Regional Growth Center boundaries based on existing zoning and development regulations. This alternative will also carry forward the City's existing growth targets for the Regional Growth Center, which are 7,555 new jobs and 8,079 additional people by 2040.

The Action Alternative will consider growth that occurs within the study area shown in Figure 1 under different development patterns based on the Illustrative Vision Plan and preliminary policy recommendations that resulted from the Tacoma Mall Neighborhood Design Workshop held between September 21 and September 24, 2015, along with development regulation and other actions as developed through the subarea planning process. The Action Alternative will

also consider higher growth targets compared to the No Action: 8,385 new jobs and 8,887 additional people by 2040.

## SCOPING

Scoping is the process of identifying the elements of the environment to be evaluated in an EIS. Scoping is intended to help identify and narrow the issues to those that are significant. Scoping includes a public comment period so that the public and other agencies can comment on key issues and concerns. Following the comment period, the City considers all comments received and determines the scope of review for the environmental analysis.

**Figure 1. Subarea Plan Boundaries**



The City issued a Determination of Significance/Scoping Notice for the Tacoma Mall Neighborhood Subarea Plan on September 4, 2015 and a revised Determination of Significance/Scoping Notice on October 1 (Attachments 1 and 2) and made them available to the public through a variety of methods. The notice stated that the EIS would likely consider impacts to the natural environment, environmental health, land use, housing, aesthetics and urban design, historic and cultural resources, transportation, public utilities and public services.

The scoping period was originally scheduled to close on October 5, 2015 but was extended to October 23, 2015 to allow for additional comment. Public scoping meetings were held on September 17 at the Asian Pacific Cultural Center and on October 22 at the Tacoma Municipal Building. Public testimony at the scoping meetings was recorded by court reporters; in total, 14 people provided formal verbal comment at the meetings. In addition, the City received 20 written scoping comments. Public comments from the Tacoma Mall Neighborhood Design Workshop and other public meetings held during the scoping period were also reviewed for EIS relevance. Summarized public scoping comments and responses to these comments are shown in the table on the following pages.

Following analysis of scoping comments and available information, the City made two changes to the description of proposal and alternatives, described below. No changes were made to the elements of the environment that will be studied in the EIS. Most comments received during the scoping period requested environmental analysis consistent with the City's planned approach. Please see comment responses in the table on the following pages for more information.

1. **Study area boundaries:** As stated in the Determination of Significance/Scoping Notice, the City was considering expanding the boundaries of the study area beyond the Tacoma Mall Regional Growth Center. After consideration of the comments and discussion with the Puget Sound Regional Council, the City finalized the boundaries of the study area (see Figure 1).
2. **Number of alternatives:** As stated in the Determination of Significance/Scoping Notice, the City was intending to study two action alternatives and a no action alternative. The decision was made to study just one action alternative and a no action alternative due to widespread support among members of the public and other project stakeholders for the Illustrative Vision Plan and preliminary policy recommendations that resulted from the Tacoma Mall Neighborhood Design Workshop held during the scoping period.
3. **Natural Environment & Environmental Health:** The Determination of Significance/Scoping notice stated that the natural environment and environmental health would likely be evaluated in the EIS. The study area is very altered from its original natural conditions: the study area is largely paved or covered in buildings and historic natural drainage features no longer exist. Recognizing this, the City concludes that new development, which must comply with existing City plans and regulations for critical areas, stormwater and groundwater, as well as stormwater measures to be identified in the EIS as part of the stormwater (utilities) analysis, will result in improved natural environment and environmental health conditions as a result of the proposed action. Consequently, no significant adverse environmental impacts are anticipated

from the proposal. The EIS will consider surface and groundwater quality and soil and groundwater contamination as part of the stormwater analysis in the utilities section of the EIS.

## TABLE OF COMMENTS

The following table summarizes comments by EIS element/topic, together with the City’s response to comments.

EIS Topic	Comments	Response
<b>Scoping Process</b>	<ul style="list-style-type: none"> <li>• When will there be additional opportunities to comment on the subarea plan and EIS?</li> <li>• Does the City have the power to impact what gets built in Tacoma?</li> </ul>	<ul style="list-style-type: none"> <li>• There will be opportunities to comment on the subarea plan throughout the process. Following issuance of the Draft EIS, there will be a 30-day public comment period. During the public comment period, the City will host a public meeting to review the findings of the EIS, answer questions and invite comments. Information about comment opportunities will be posted on the project website: <a href="http://www.tacomamallneighborhood.com">www.tacomamallneighborhood.com</a></li> <li>• The City has the authority to influence development within its borders through zoning and development regulations, plans and policies, budget decisions, infrastructure and service decisions, public and private partnerships and other means. However, specific decisions about whether to build on a property rest with the property owner.</li> </ul>
<b>Alternatives</b>	<ul style="list-style-type: none"> <li>• What growth numbers is the City planning for and how were they determined? Does the City have to use these numbers?</li> <li>• Will the alternatives consider the possibility for changing population trends?</li> <li>• Preference for expansion of study area</li> <li>• Will rezoning be considered?</li> <li>• How tall will buildings be?</li> <li>• Preference for no upzoning</li> <li>• Preference that alternatives improve upon existing conditions</li> <li>• Is there market demand for density?</li> </ul>	<ul style="list-style-type: none"> <li>• The EIS will consider impacts related to two alternatives, a No Action Alternative and an Action Alternative. The No Action alternative assumes there will be 7,555 new jobs and 8,079 additional people in the study area by 2040. The Action Alternative will consider higher growth targets compared to the No Action: 8,385 new jobs and 8,887 additional people by 2040. The growth assumptions are based on state growth projections, countywide growth allocations and are consistent with the City’s Comprehensive Plan and the Puget Sound Regional Council Vision 2040.</li> </ul>

EIS Topic	Comments	Response
		<ul style="list-style-type: none"> <li>• The No Action Alternative assumes growth will occur under existing zoning and development regulations within the current Regional Growth Center boundaries. The Action Alternative will consider growth under development patterns based on the Illustrative Vision Plan and preliminary policy recommendations that resulted from the Tacoma Mall Neighborhood Design Workshop held between September 21 and September 24, 2015, along with development regulation and other actions as developed through the subarea planning process. Also, the Action Alternative will consider an expanded study area. See the previous discussion and Figure 1 for more information. Existing zoning allows for building heights in the Tacoma Mall Regional Growth Center ranging from 60 to 120 feet. The description of the alternatives in the EIS will include information that responds to many of the questions raised about the alternatives.</li> <li>• The market for additional development in the study area is being considered as part of the subarea plan, but is not considered in the EIS. As described in WAC 197-11-448, SEPA anticipates that the general welfare, social and economic aspects of policy options will be considered in weighing future decisions, but an EIS is not required to evaluate all of the possible considerations of a decision. Rather, an EIS focuses on environmental impacts and is expected to be used by decision-makers in conjunction with other relevant considerations and documents.</li> </ul>
<b>Natural Environment &amp; Environmental Health</b>	<ul style="list-style-type: none"> <li>• Protect groundwater quality</li> <li>• Promote aquifer protection and recharge within the South Tacoma Groundwater Protection District</li> <li>• Assess impacts on urban wildlife and native plants</li> <li>• Assess impacts of Asarco smelter contamination and</li> </ul>	<ul style="list-style-type: none"> <li>• The study area is very altered from its original natural conditions, with high levels of impervious surface coverage throughout the study area. Natural drainage features, which likely historically included wetlands and streams, no longer exist in the study area. Because of this</li> </ul>

EIS Topic	Comments	Response
	<p>adopt conditions for soil disturbance</p> <ul style="list-style-type: none"> <li>• Protect trees, including Cedar of Lebanon and Garry Oaks</li> <li>• Require air quality monitoring</li> </ul>	<p>degraded condition, the City concludes that new development, which must comply with existing critical areas regulations (TMC 13.11), the South Tacoma Groundwater Protection District regulations (TMC 13.09), the Tacoma 2016 Stormwater Management Plan, the Tacoma 2015 Stormwater Management Program Plan, and stormwater measures to be identified in the EIS as part of the stormwater (utilities) analysis, will result in improved natural environment and environmental health conditions as a result of the proposed action. Consequently, no significant adverse environmental impacts are anticipated from the proposal and the natural environment/environmental health are not included in the scope of the EIS. As noted above, the stormwater analysis in the utilities element of the EIS will consider surface and groundwater quality, low impact development measures, impervious surface coverage, tree canopy and other environmental topics related to stormwater. The EIS will address soil and groundwater contamination as part of the stormwater analysis. The process for environmental remediation is established through state law (Model Toxics Control Act and Underground Storage Tanks) and implementing regulations.</p> <ul style="list-style-type: none"> <li>• The role that existing and new trees, such as the Cedar of Lebanon and Garry Oaks, play in overall community character and in stormwater quality and quantity will be considered in the EIS. The plan will incorporate tree and vegetation actions based on the City’s policy goal to promote green features and tree canopy coverage.</li> <li>• Regarding air quality, the City of Tacoma promotes air quality through its Commute Trip Reduction Program, its</li> </ul>

EIS Topic	Comments	Response
		<p>Tacoma-Pierce County Woodsmoke Reduction Program and its Climate Action Plan. The Puget Sound Clean Air Agency conducts regular air quality monitoring and regulates businesses that create or have the potential to create air pollution in the Puget Sound region, including Tacoma. Future potential growth is consistent with regional growth projections and do not include new uses, such as heavy industrial, that would be likely to significantly increase air emissions. In addition, the proposal integrates multi-modal transportation and internal trip capture, resulting in few air emissions related to transportation, compared to no-action conditions. Consequently, no significant adverse air quality impacts are anticipated and air quality is not considered in the EIS analysis scope.</p>
<b>Public Health</b>	<ul style="list-style-type: none"> <li>• Integrate health into the SEPA review and adopt health as a guiding principal</li> <li>• Consider long-term public health impacts</li> <li>• Use food-producing plants in landscaping</li> <li>• Limit fast food restaurants</li> <li>• Improve public sanitation conditions</li> <li>• Additional outpatient medical facilities are needed</li> </ul>	<ul style="list-style-type: none"> <li>• The EIS will analyze environmental conditions and impacts that may affect public health. Public health policy issues will be considered as part of preparation of the subarea plan. As described in WAC 197-11-448, SEPA anticipates that the general welfare, social and economic aspects of policy options will be considered in weighing future decisions, but an EIS is not required to evaluate all of the possible considerations of a decision. Rather, an EIS focuses on environmental impacts and is expected to be used by decision-makers in conjunction with other relevant considerations and documents.</li> </ul>
<b>Land Use</b>	<ul style="list-style-type: none"> <li>• Limit what developers can build</li> <li>• Consider mixed use development</li> <li>• Protect existing church uses</li> <li>• Limit or eliminate pot shops and liquor stores</li> <li>• Consider impacts of demolishing existing buildings</li> <li>• Consider speeding up the timeframe for eliminating</li> </ul>	<ul style="list-style-type: none"> <li>• The land use analysis will include a review of development patterns, compatibility with existing land uses, consistency with plans and policies, and distribution of population and employment. Mitigating measures will be recommended to address identified adverse significant impacts.</li> </ul>

EIS Topic	Comments	Response
	<ul style="list-style-type: none"> <li>condemned properties</li> <li>• Recent land use changes have had negative impacts on the community, don't make the same mistakes again</li> </ul>	<ul style="list-style-type: none"> <li>• The subarea plan may propose changes to permitted uses, protection of historical or potentially historic structures, and height, bulk, form and urban design requirements, and others.</li> </ul>
<b>Housing</b>	<ul style="list-style-type: none"> <li>• Provide single family housing</li> <li>• Provide affordable housing</li> <li>• Provide housing for seniors/aging in place</li> <li>• Provide housing for people who garden</li> <li>• Encourage homeownership</li> <li>• Improve equity through housing development</li> <li>• Consider what housing types can be a catalyst for change – and what incentives are needed</li> <li>• Homelessness in the study area is an issue</li> </ul>	<ul style="list-style-type: none"> <li>• The housing analysis will include a review of capacity to meet the population growth target as well as impacts to the range of housing types and housing affordability in the study area. Mitigating measures will be recommended to address identified adverse significant impacts. Policy issues such as specific types of housing to encourage in the study area will be addressed through subarea plan development.</li> </ul>
<b>Aesthetics and Urban Design</b>	<ul style="list-style-type: none"> <li>• Tall buildings should not block sunlight and views, especially to garden areas, such as the Peace Garden at the Tacoma Friends Meeting.</li> <li>• Front doors should not face alleyways</li> <li>• Use green building practices</li> <li>• Improve community safety through design and maintenance of buildings and public facilities</li> <li>• Don't design the Tacoma Mall center to compete with Downtown</li> <li>• Existing dense development lacks good design</li> <li>• Existing parking areas are not well planned</li> <li>• Existing building standards need to be improved</li> <li>• Beautification of the area is needed</li> <li>• The neighborhood needs a full service grocery store, restaurants, and a farmers market</li> </ul>	<ul style="list-style-type: none"> <li>• The EIS analysis will include consideration of neighborhood character, streetscape, and building height, bulk and scale. The analysis will include recommended mitigation measures to address significant adverse impacts that are identified. Policy issues such as improving community identity and community safety through design will be addressed during subarea plan development.</li> </ul>
<b>Historic &amp; Cultural Resources</b>	<ul style="list-style-type: none"> <li>• Assess impacts on cultural and historic resources and adopt mitigation measures</li> <li>• Consider impacts on buildings 30-50 years old</li> <li>• Maintain historic character in West Mall neighborhood and other areas</li> </ul>	<ul style="list-style-type: none"> <li>• The EIS analysis will include a review of the history of the area including development patterns and properties. The findings will be used to understand potential impacts and mitigation options.</li> </ul>

EIS Topic	Comments	Response
<b>Transportation</b>	<ul style="list-style-type: none"> <li>• Coordinate with Puyallup Tribe</li> <li>• Address impact of increased density on parking, traffic congestion, traffic safety, and street paving/striping/curb/gutter conditions</li> <li>• Make the area more pedestrian- and bike-friendly, including increased connectivity</li> <li>• Provide better transit access</li> <li>• Consider how new transit service would interface with regional service</li> <li>• Analyze impacts of a new light rail station</li> <li>• Transportation facilities should be ADA compliant</li> <li>• Reduce vehicle emissions and increase clean modes of travel</li> <li>• Existing transportation conditions are inadequate including parking, street conditions, congestion, safety, pedestrian and bicyclist infrastructure, transit service</li> <li>• Disconnected streets are an issue</li> </ul>	<ul style="list-style-type: none"> <li>• The transportation analysis will include a review of circulation, parking, transit, non-motorized modes of transportation and traffic safety. The subarea plan will likely propose changes to transportation infrastructure and the impacts of these changes will be studied. The EIS analysis will be based on transportation data collected in 2015 for the study area and on other existing transportation data. A model will be used to forecast future transportation operations and impacts expected from the alternatives. Based on this information, impacts and recommended mitigating measures will be identified.</li> <li>• The existing conditions analysis in the EIS will identify existing deficiencies in the study area.</li> </ul>
<b>Public Utilities &amp; Stormwater</b>	<ul style="list-style-type: none"> <li>• Study impact of development on surface water, Foss Waterway and Chambers Creek</li> <li>• Use low impact development techniques</li> <li>• Consider impact of development on vegetated steep slopes</li> <li>• Place utility lines and pipes underground</li> <li>• Require brown water recovery and use</li> <li>• Garbage dumping and littering are problems</li> </ul>	<ul style="list-style-type: none"> <li>• Consideration of public utilities will include a review of existing utilities in the study area including electricity, stormwater, wastewater, domestic water, telecommunications and natural gas. The analysis will study impacts of the alternatives on utilities and recommend mitigation measures to address identified significant adverse impacts.</li> </ul>
<b>Public Services</b>	<ul style="list-style-type: none"> <li>• Address impacts of increased density on public facilities and services</li> <li>• New public facilities should be located in the study area or nearby (not across the freeway)</li> <li>• Levels of service have been declining for years</li> <li>• Current facility needs include safe places for kids to play, parks and green spaces, places for pets,</li> </ul>	<ul style="list-style-type: none"> <li>• The EIS analysis will include a review of existing public services including parks and recreation, police, fire and emergency medical, and schools. Proposed mitigation will be identified for significant negative impacts on the current levels of service estimated under the alternates.</li> <li>• The existing conditions analysis will identify current</li> </ul>

EIS Topic	Comments	Response
	<p>community/senior center, training/educational center, food bank, school</p> <ul style="list-style-type: none"> <li>• Crime is an issue</li> <li>• There is a need for better police, youth programming and social services</li> <li>• The new community garden is a nice feature, need more things like this</li> </ul>	<p>deficiencies in levels of service.</p>
<b>Miscellaneous</b>	<ul style="list-style-type: none"> <li>• Describe how partnerships will be involved in the success of the subarea plan</li> <li>• Mall property owners need to be in support of the subarea plan in order for it to be successful</li> <li>• Code enforcement should be culturally sensitive</li> <li>• How will the proposal impact mineral rights?</li> </ul>	<ul style="list-style-type: none"> <li>• Many of the comments listed in this section relate to possible strategies for the subarea plan. These will be considered as part of the subarea plan development.</li> <li>• The proposal does not propose nor preclude potential future mineral exploration. Future mineral lands exploration would be subject to separate review under SEPA, city development regulations and other local, state and federal regulations.</li> </ul>



# Determination of Significance

## Notice of Environmental Impact Statement (EIS)

### Public Scoping<sup>1</sup> and Public Scoping Meeting

**PROPONENT** City of Tacoma

**PROJECT** Tacoma Mall Neighborhood Subarea Plan

#### BACKGROUND

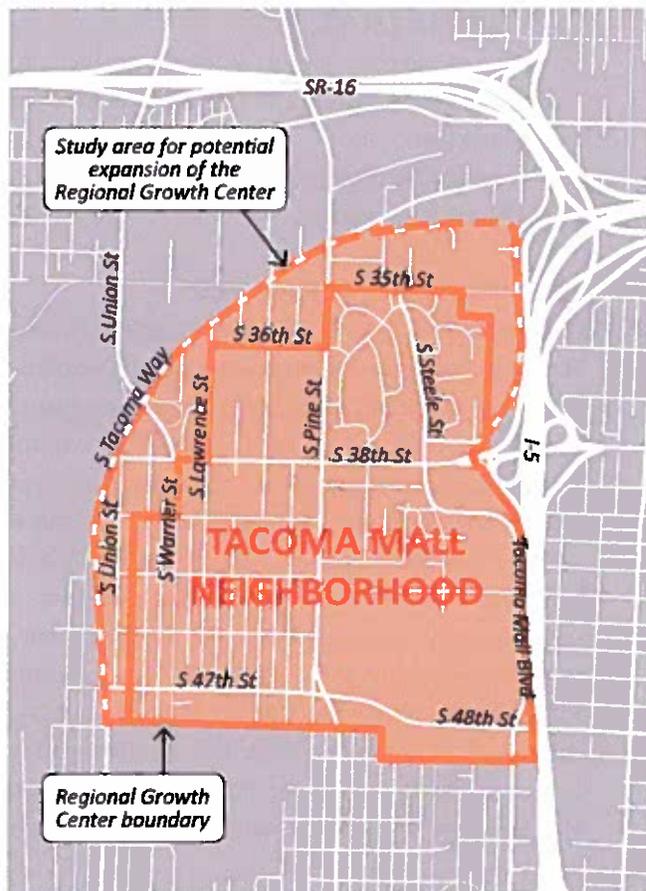
**Funding**—The City of Tacoma was awarded a grant by the Washington State Department of Commerce (DOC).

**Planned-Action Environmental Review**—As part of the subarea planning process, the City will prepare a nonproject environmental impact statement (EIS) for the Tacoma Mall Neighborhood Subarea Plan. Completing a non-project EIS presents a cumulative impact analysis for the entire subarea, rather than piecemeal analysis of the environmental impacts and mitigation on a project-by-project basis. As a result, the environmental impacts and mitigation are comprehensively evaluated at the subarea-wide level. The non-project EIS also eliminates the need for subsequent environmental review associated with project-specific development proposals that are consistent with the subarea's development regulations. As such, the nonproject EIS provides certainty and predictability for urban development proposals; thereby, streamlining the environmental review process within the subarea and encouraging the goals of SEPA<sup>2</sup> and the State's Growth Management Act (Chapter 36.70A RCW).

The City has decided the non-project EIS will proceed under RCW 43.21C.420. Recognizing that RCW 43.21C.420(5)(a) and (b) include a sunset provision, the City wishes to also proceed under RCW 43.21C.031 (planned action) and RCW 43.21C.229 (infill exemption), providing the City with additional SEPA tools that the City may use if provisions in RCW 43.21C.420(5)(a) and (b) expire.

<sup>1</sup> *Scoping is the first major step in preparation of an environmental impact statement (EIS). It involves identifying the alternatives and the range of environmental issues that are to be analyzed in the EIS.*

<sup>2</sup> *SEPA is the State Environmental Policy Act (Chapter 43.21C RCW). Regulations that implement SEPA are called the SEPA Rules (Chapter 197-11 WAC).*



**Appeal and Noticing**—For a non-project EIS completed under RCW 43.21C.420, the SEPA-based appeal opportunity occurs only in conjunction with issuance of the non-project Final EIS. Consistent with RCW 43.21C.420, a proposed development will not be subject to project-specific SEPA-based administrative or judicial appeals if the proposed development is (1) proposed within 10 years of the issuance of the subarea Final EIS, (2) situated within the subarea, and (3) consistent with the adopted subarea plan and development regulations. Similarly, there are no SEPA noticing requirements for subsequent, site-specific development or redevelopment within the subarea that is consistent with the subarea plan.

**Planned-Action Outreach Requirements**—This optional EIS process has several community outreach components, notably:

- A community meeting on the proposed subarea plan must be held prior to issuance of the EIS Scoping notice for the proposed EIS.
- Notice of the proposed community meeting and notice of the EIS Scoping meeting must be mailed to all:
  - Taxpayers of record within the subarea;
  - Taxpayers of record within 400 feet of the boundaries of the subarea;
  - Affected federally-recognized tribal governments whose ceded area is within one-half mile of the boundaries of the subarea;
  - Agencies with jurisdiction<sup>3</sup> over future development within the subarea;
  - Small businesses, as defined in RCW 19.85.020, and
  - All community preservation and development authorities established under chapter 43.167 RCW, TMC 13.12.560(D)(2).
- Notice of the community meeting must include general illustrations and descriptions of buildings that are generally representative of the maximum building envelope that will be allowed under the subarea plan.
- The notice must be posted on major travel routes within the subarea within seven days of the mailing of the meeting notice.

## **DESCRIPTION OF THE PROPOSAL**

The proposed project involves development of an innovative, area-wide subarea plan for the Tacoma Mall Regional Growth Center and potential expansion area (identified as the study area for potential expansion of the Regional Growth Center on the map on page 1), which will become an optional element of the City's Comprehensive Plan. Together with the subarea plan, a non-project EIS is being prepared that will evaluate the probable adverse environmental impacts associated with various alternatives that are part of the subarea plan and identify measures that will be used to mitigate the impacts identified.

Specifically, the EIS will analyze the impacts associated with future development in the Tacoma Mall Neighborhood Subarea, including additional development that is being planned to occur over approximately the next 20 years, as well as potential increases in employment and population that are being planned for in this area. Preliminary growth targets for the area include 7,555 new jobs and 8,079 additional people by 2040. As noted previously, the goal of this EIS is to evaluate potential environmental impacts on an area-wide basis, thus eliminating the need for additional environmental analysis in conjunction with development and redevelopment that occurs on individual sites within the Tacoma Mall Subarea. This environmental review is intended to serve as a catalyst for redevelopment and an

<sup>3</sup> For SEPA compliance, an agency with jurisdiction is an agency with authority to approve, veto, or finance all or part of a project (see WAC 197-11-714 for more details).

incentive for property owners and developers to favorably consider the Tacoma Mall Neighborhood Subarea when locating a business or investing in the community.

## **LOCATION**

The geographic area that is the focus of Tacoma Mall Neighborhood Subarea Plan is shown in the map on the front page. This subarea is commonly known as the locally designated Tacoma Mall Mixed Use Center and the regionally designated Tacoma Mall Regional Growth Center. The approximately 485-acre area encompasses major commercial destinations such as the Tacoma Mall, retail, commercial and quasi-industrial uses, residential areas, government offices and public facilities including the Madison School site. The study area for potential expansion of the Regional Growth Center shown on the map on page one consists of approximately 136 additional acres. The City of Tacoma intends to designate this Tacoma Mall Neighborhood Subarea as an environmentally reviewed subarea under the provisions of RCW 43.21C.420, or RCW 43.21C.031 and RCW 43.21C.229 if provisions in RCW 43.21C.420(5)(a) and (b) expire.

## **ALTERNATIVES**

It is proposed that the EIS analyze two alternatives as part of the Tacoma Mall Neighborhood Subarea Plan. New development that is being planned within this study area may approximate a maximum of approximately 10 million square feet of floor area.

It is anticipated that the alternatives will be based on variations of such factors as transportation, utilities, development phasing, and/or focus areas within the subarea that exhibit different mixes of land use and intensities of development. The alternatives may also include less intensive development within the study area, such as a possible maximum build-out of 5 million square feet of floor area.

In addition, this EIS will evaluate impacts associated with a No Action—or business as usual—Alternative. For purposes of the No Action Alternative, it is assumed that development would occur within the Tacoma Mall Neighborhood Subarea based on existing zoning and environmental review procedures. Any such development or redevelopment that is proposed within the Tacoma Mall Neighborhood Subarea in conjunction with the No Action Alternative would undergo environmental review on a project-by-project basis. Such projects would be subject to site-specific mitigation and appeal potential.

## **LEAD AGENCY**

The City of Tacoma is lead agency for SEPA compliance; the City of Tacoma will serve as the nominal<sup>4</sup> lead agency.

## **ENVIRONMENTAL IMPACT STATEMENT (EIS) REQUIREMENT**

The City of Tacoma has determined that the Tacoma Mall Neighborhood Subarea Plan is likely to have a significant adverse environmental impact on the environment. An EIS under RCW 43.21C.030(2) (c) will be prepared. This decision was made after a review of information that is on-file with the City. Preliminary indications are that the following environmental parameters will be evaluated in this EIS:

- Natural Environment: critical areas

<sup>4</sup> A nominal lead agency is the public agency responsible for complying with the duties of lead agency (WAC 197-11-944) and complying with SEPA's procedural requirements (WAC 197-11-758).

- Environmental Health: soil and groundwater contamination
- Land Use: patterns, compatibility, consistency with plans and policies, population and employment
- Housing: capacity, housing types, affordability
- Aesthetics/Urban Design: character, height/bulk/scale, streetscape
- Historic and Cultural Resources
- Transportation: circulation, parking, transit, non-motorized
- Public Utilities: electricity, stormwater, wastewater, domestic water, telecommunications, natural gas
- Public Services: parks, police, fire and emergency medical, schools

**EIS SCOPING**

Agencies, affected tribes, and members of the public are invited to comment on the scope of this proposed EIS. You may comment on the alternatives, probable significant adverse impacts, proposed mitigation measures, and licenses or other approvals that may be required. Methods for presenting your comments are described below. Please note that the City of Tacoma does not discriminate on the basis of disability in any of its programs, activities, or services. To request this information in an alternative format or a reasonable accommodation, please contact the City Clerk’s Office at 253-591-5505. TTY or speech-to-speech users please dial 711 to connect to Washington Relay Services.

**Commenting Deadline**—All comments are due no later than **5 PM, Monday, October 5, 2015.**

**EIS Public Scoping Meeting**—An EIS Scoping meeting is scheduled for 5:30—7:30 PM, Thursday, October 17, 2015 at the Asian Pacific Cultural Center, 4851 S Tacoma Way, Tacoma WA 98409. The purpose of the meeting is to learn more about the proposed project and to provide an opportunity to comment orally on the scope of the proposed EIS. Written comments will also be accepted at this meeting (comment forms will be available).

**Submittal of Written Comments via Mail**—Written comments may be submitted to the Project Managers via mail, fax or e-mail, as follows:

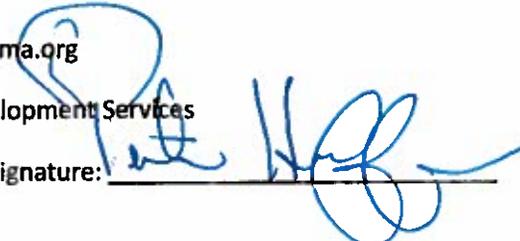
**Project Managers** Molly Harris, Senior Planner, (253) 591-5383  
 Elliott Barnett, Associate Planner, (253) 591-5389

**Address** City of Tacoma  
 747 Market Street, Room 345  
 Tacoma, WA 98402

**Fax** (253) 591-5433

**E-mail** TacMallNeighborhood@cityoftacoma.org

**Responsible Official** Peter Huffman, Planning and Development Services

Date: 09/04/15 Signature: 



# REVISED Determination of Significance

## Notice of Environmental Impact Statement (EIS)

### Public Scoping<sup>1</sup> and Public Scoping Meeting

**PROPONENT** City of Tacoma

**PROJECT** Tacoma Mall Neighborhood Subarea Plan

#### BACKGROUND

**Funding**—The City of Tacoma was awarded a grant by the Washington State Department of Commerce (DOC).

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Specifically, the EIS will analyze the impacts associated with future development in the Tacoma Mall Neighborhood Subarea, including additional development that is being planned to occur over approximately the next 20 years, as well as potential increases in employment and population that are being planned for in this area. Preliminary growth targets for the area include 7,555 new jobs and 8,079 additional people by 2040. As noted previously, the goal of this EIS is to evaluate potential environmental impacts on an area-wide basis, thus eliminating the need for additional environmental analysis in conjunction with development and redevelopment that occurs on individual sites within the Tacoma Mall Subarea. This environmental review is intended to serve as a catalyst for redevelopment and an

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It is anticipated that the alternatives will be based on variations of such factors as transportation, utilities, development phasing, and/or focus areas within the subarea that exhibit different mixes of land use and intensities of development. The alternatives may also include less intensive development within the study area, such as a possible maximum build-out of 5 million square feet of floor area.

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**Commenting Deadline**—All comments are due no later than **5 PM, Friday, October 23, 2015**.

**EIS Public Scoping Meetings**—A second scoping meeting will be held on Thursday, October 22, 2015, starting at 5:30 PM at the Tacoma Municipal Building, 747 Market Street, Room 708, Tacoma WA 98402. The purpose of the meeting is to learn more about the proposed project and to provide an opportunity to comment orally on the scope of the proposed EIS. Written comments will also be accepted at this meeting (comment forms will be available).

**Submittal of Written Comments via Mail**—Written comments may be submitted to the Project Managers via mail, fax or e-mail, as follows:

**Project Managers** Molly Harris, Senior Planner, (253) 591-5383  
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**Fax** (253) 591-5433

**E-mail** TacMallNeighborhood@cityoftacoma.org

**Responsible Official** Peter Huffman, Planning and Development Services

Date: \_\_\_\_\_ Signature: \_\_\_\_\_





# Attachment 4



City of Tacoma  
WASHINGTON

## Tacoma Mall Subarea Plan Design Workshop Summary

How can a more **complete community** be achieved

What should growth look like to support **community goals**

What are the **distinctions & commonalities** within the area

What **corridors & connections** can be made to support the goals

How can **local identity and livability** be improved

What **catalyst projects** can be developed to improve quality and stimulate growth

How can the neighborhood be **transit-ready** for a future light rail station

# Workshop Overview

The City of Tacoma is preparing a “Subarea Plan” and Environmental Impact Statement for the Tacoma Mall sub-area. Comprised of 485 acres, the sub-area is a regionally- and locally-designated Regional Growth Center intended to support the region’s most dense concentrations of jobs and housing. Home today to 8,290 jobs and 3,788 residents, an additional 8,385 jobs and 8,887 people are planned for the area. The subarea plan is designed to provide a framework for long-term transition from a suburban to a denser, transit-oriented, walkable mixed-use urban neighborhood.

To develop an illustrative community vision plan for the Tacoma Mall Neighborhood, on September 21–24, 2015, the City hosted a four-day design workshop attended by approximately 90 community members—residents, business and property owners and public agency staff. The team gathered local experience, knowledge and expertise to assist with finding solutions to neighborhood challenges. Focus groups, open studios and design feedback discussions identified ways to strengthen neighborhood identity, culture, economy, environmental quality and sense of place for area residents, businesses and users.

*The content in this document reflects the assumptions and conclusions from the Design Workshop. These ideas will be further studied for inclusion or refinements during the Subarea Planning process.*

## Community Guidance

- » Neighborhood needs identity and sense of place
- » Make the area walkable and bikeable
- » Promote public health and safety
- » Add open space, play space and schools
- » Support local-serving businesses
- » Encourage easy access to healthy and affordable food
- » Grow strategically and sustainably
- » Build green streets
- » Empower for equity

## Workshop Goals

- » Develop a cohesive neighborhood vision
- » Establish community identity
- » Provide transportation choices
- » Develop a coherent, cohesive structure
- » Promote livability and safety
- » Provide neighborhood services and amenities
- » Support health, equity and empowerment
- » Encourage economic development
- » Grow sustainability



# 4 Big Ideas

## Use roads, transit & trails to create COHERENT NEIGHBORHOODS

- » Reconnect the grid with a complete street system
- » Create mixed use walking streets – 38th, Steele, Pine
- » Build an internal loop street for walking and biking
- » Incorporate linear parks & green features into streets
- » Develop design elements for 3 major corridors
- » Retrofit streets for all—cars, trucks, transit, bikes, people
- » Improve access for regional and local traffic
- » Direct I-5 access to Tacoma Mall Boulevard
- » Plan for consolidated transit station with light rail and bus service plus transit-oriented development
- » Use complete streets as a primary opportunity to promote biking, walking and urban character

## Refine zoning to blend building SCALE & CHARACTER



### Existing Land Use

Random development pattern that is less responsive to neighborhood scale and character



### Proposed Land Use

Transitions in scale to create cohesive mixed-use neighborhood

## Improve the NATURAL ENVIRONMENT

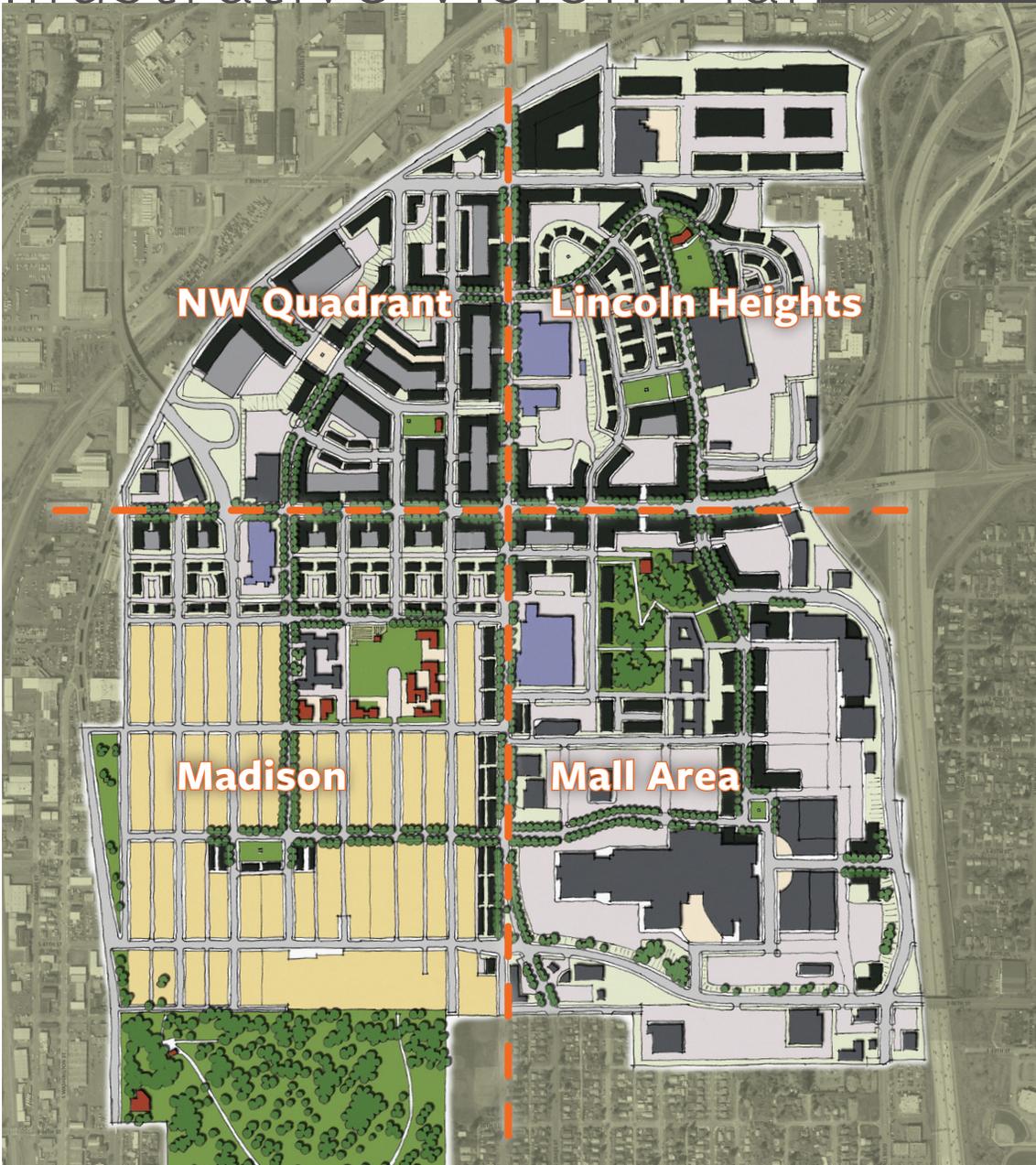
- » Improve water quality with green infrastructure amenities
- » Reduce greenhouse gas emissions with compact, mixed-use walkable neighborhood
- » Remediate contaminated sites
- » Increase area-wide landscaping, tree cover and access to parks, play spaces and nature



## Improve investment climate with STRATEGIC IMPROVEMENTS

- » Capture economic benefits of development through strategic catalytic investment in streets, infrastructure, services and sites
- » Refine zoning to respond to contemporary markets, lifestyle preferences and housing needs
- » Promote local-serving retail and services

# Illustrative Vision Plan



## Common to All

- » Coherent, cohesive urban form with complete street network
- » Safe and livable—walkable everywhere—with parks, public places and transit access
- » 38th, Pine & Steele become great urban boulevards
- » Linked with loop street for walking and biking
- » Improved image, access and investment climate
- » Strategic investment to capture multiple benefits

## Distinct to Each

- » Character, identity and focal points
- » Internal connectivity
- » Gradations in height, scale and form

## Key Actions

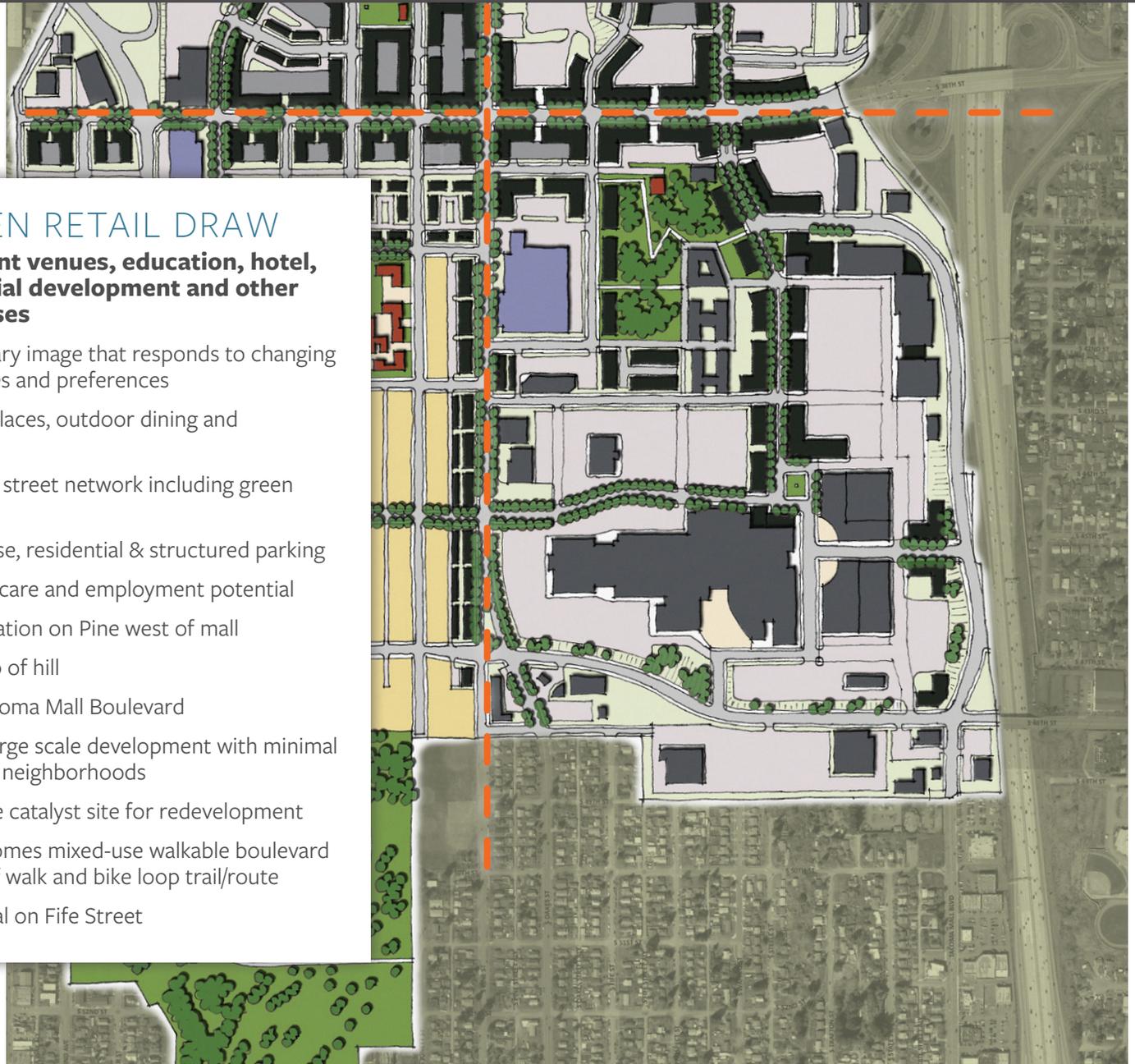
- » Create neighborhood organizational structure
- » Calibrate zoning for the four distinct quadrants with height and bulk standards
- » Carefully leverage all public actions for multiple strategic and exponential benefits
- » Plan for Link light rail and transit-oriented development
- » Incorporate regional stormwater facilities and green streets
- » Build complete streets and transportation projects with major changes to arterials, a local walking and biking circulator street and new street alignments
- » Recruit key facilities and uses (grocery store, medical offices, etc.)

# Mall Area

## STRENGTHEN RETAIL DRAW

**with entertainment venues, education, hotel, medical, residential development and other complimentary uses**

- » More contemporary image that responds to changing consumer lifestyles and preferences
- » Public gathering places, outdoor dining and entertainment
- » Public and private street network including green infrastructure
- » Infill with mixed-use, residential & structured parking
- » Education, health care and employment potential
- » Future light rail station on Pine west of mall
- » Public park on top of hill
- » I-5 slip lane to Tacoma Mall Boulevard
- » Appropriate for large scale development with minimal impact to existing neighborhoods
- » Post office may be catalyst site for redevelopment
- » Steele Street becomes mixed-use walkable boulevard — key segment of walk and bike loop trail/route
- » Infill/TOD potential on Fife Street



# Madison Neighborhood



## REINFORCE NEIGHBORHOOD retain existing grid pattern & build on public open space

- » Transition taller buildings on 38th (up to 10 stories) southward to smaller buildings (up to 45 feet tall)
- » Retain existing neighborhood block structure while improving livability
- » Ensure buildings placed at street front with parking at rear
- » Re-integrate Madison School into neighborhood with park or recreation center
- » Take advantage of soil conditions in the Madison Neighborhood that have strong potential for green infrastructure and stormwater design features
- » Build complete streets with green infrastructure amenities as a primary design objective
- » Neighborhood scale infill with privacy and security, entrances on street fronts, parking at rear
- » Provide traffic calming, lane markings and on-street parking
- » Stabilize western edge above South Tacoma Way

# NW Gateway District



## PROMOTE LIVABILITY

**by reconfiguring key streets and block pattern and adding new development and amenities**

- » Use the hillside and soil conditions that have strong potential for green infrastructure to create a district gateway with a major stormwater feature
- » Plan for new Sounder station on S Tacoma Way if viable
- » Establish urban district with green infrastructure to create park-like entry boulevard
- » Appropriate for large scale development in new street pattern with minimal impact to existing neighborhoods
- » Use hillside for structured parking
- » Reinforce commercial, mixed-use and urban industrial uses
- » Western edge transitions to South Tacoma Way manufacturing and industrial center
- » Manage transitions from residential to commercial/industrial uses on the area perimeter

# Lincoln Heights

## REINFORCE NEIGHBORHOOD

### with open space and transitional building forms

- » Transition dispersed 1950s housing to low- and medium-density residential development
- » Retain curvilinear street pattern oriented to topography
- » Connect discontinuous streets
- » Capitalize on opportunity to reconnect street grid if Costco site is redeveloped
- » Create neighborhood focus with parks
- » Infill with medium density residential as buffer to nearby large scale commercial development
- » Provide green space as buffer between residential and commercial uses on 38th Street
- » Enhance character of residential enclave
- » Manage the transition from residential to commercial districts on the perimeter
- » Consider a “makers concept” destination area on Pierce County properties — include small-scale industrial artisans, fabricators and live-work opportunities
- » Consider low-impact development opportunities in Steele Street corridor



# The Upshot

## Decisions & Implications

- » Provide more directive zoning to achieve livability goals
- » Create & implement neighborhood organizational structure—street networks, block size, parks & public spaces, scale
- » Carefully leverage all public investment & actions for multiple strategic benefits
- » Anticipate & leverage partnerships with Sound Transit, Pierce Transit, Metro Parks & School District
- » Recruit key businesses & facilities in desired locations
- » Build a more complete community with addition of affordable, healthy food sources, locally serving retail and services, entertainment destinations and community facilities

## Implementation Actions

- » Coordinate roadway improvements with green infrastructure as catalyst for development to complete street system
- » Plan for infill around proposed light rail & commuter rail stations
- » Coordinate actions with Metro Parks, Pierce Transit, Tacoma School District
- » Cultivate public-private partnerships
- » Integrate stormwater facilities into streets and public spaces as amenities
- » Pursue key redevelopment opportunities on potential catalyst sites such as Costco site, City Fleet Facility, Post Office site and large commercial sites that are currently underused
- » Use public right-of-ways to catalyze and set the tone for urban redevelopment



# Participants

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Layla Arbogast  
Heather Ballash  
Steve Barton  
Pat Beard  
Bob Bearden  
Anthony Blankenship  
Michael Blumson  
Sara Bonds  
Beverly Bowen-Bennett  
Dana Brown  
Michael Carey  
Brett Carlstad  
Barbara Casey  
Ken Casey  
Carol A. Charette  
Doug Fraser  
David Fisher  
Dan Grayuski  
Fedalta Group  
Cliff Hansen  
Don Hansen  
Mazedur Hossein  
Laura Houkgamer  
Peter Huffman  
Liz Kaster  
Roy Kissler  
Jessica Knickerbocker  
Yoshi Kumara

Rachel Lindahl  
Karl Mastberg  
Gordon Maxwell  
Mona Maxwell  
Kathy McCormick  
Reuben McKnight  
Christina McLeod  
John Miles  
Stacy Monroe  
Jane Moore  
Samantha Pasana  
George Povich  
Amy Pow  
Lua Pritchard  
Raylene Rogers  
Shirley Schultz  
Joe Siegel  
Rebecca Solverson  
Jill Sousa  
Darin Stavish  
Rick Tackett  
Gregg Thompson  
Carl Washberg  
Bruce West  
Diane Wiatr  
Ko Wibowo  
Anaid Yarenza  
Rob Zawatzky

# Design Team



**City of Tacoma**  
W A S H I N G T O N

Elliott Barnett, Associate Planner, Workshop Leader  
Molly Harris, Senior Planner, Workshop Leader



Julia Walton, AICP, Architect/Urban Designer, Workshop Leader

with Seth Harry, AIA NCARB, Architect/Urban Designer, Design Leader  
David Peterhans, Senior Retail/Urban Designer  
Keith Covington, Architect/Senior Urban Designer  
Jose Jaime Venegas, Architect/Urban Designer  
Jeff Benesi, Landscape Architect/Designer/Illustrator