



City of Caribou, Maine

AGENDA Caribou Planning Board Regular Meeting

Thursday February 17, 2022, at 5:30 p.m.

*Municipal Building
25 High Street
Caribou, ME 04736
Telephone (207) 493-3324
Fax (207) 498-3954*

The meeting will be broadcast on Cable Channel 1301 and the City's YouTube Channel. Public Comments submitted prior to the meeting no later than 4:00 pm on Thursday, February 17, 2022, will be read during the meeting. Send comments to CEO Ken Murchison at kmurchison@cariboumaine.org or call 493-5967.

- I. Call Meeting to Order, Determine Quorum
- II. Public Hearings
- III. Approval of minutes
 - a. Approval of Minutes of the January 13, 2022
- IV. New Business
 - a. Planning Board discussion on Broadband
 - b. Continued discussion on Economic Development
 - c. Discussion on Maine Marijuana Statutes and Rules
 - d. Discussion, Designate Riverfront Development District, address Land Use Table and Zoning
- V. Old Business
- VI. Staff Report
 - a. Dangerous Buildings
 - b. Article in Aroostook Republican about the ongoing Limestone Street Kacie's Campground Project and Riverfront Renaissance.
- VII. Adjournment



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Caribou Planning Board Meeting Minutes Thursday, January 13, 2021 @ 5:30 pm City Council Chambers

Members Present: Dan Bagley, Christine Solman, Amanda Jandreau, Dave Corriveau, Frank McElwain, Eric Hitchcock and Steve Wentworth

Other in Attendance: Ken Murchison – CEO; Denise Lausier – Executive Assistant to City Manager; Travis Michaud and Aroostook Republican

Chairman Dan Bagley called the meeting to order at 5:30 pm.

- I. Welcome new and returning Board Members** – Dan Bagley and Amanda Jandreau were welcomed back to the Planning Board to both serve another three year term.
 - a. Swearing in of Appointed Officials** – Both members were sworn in by the City Clerk prior to the meeting.
- II. Election of Officers for 2022** –
 - a. Chairman** - Steve Wentworth nominated Dan Bagley to continue as Chairman; seconded by Amanda Jandreau

Roll Call Vote:
Steve Wentworth – Yes; Frank McElwain – Yes; Amanda Jandreau – Yes; Christine Solman – Yes; Dave Corriveau – Yes; Eric Hitchcock – Yes.
Motion carried with all in favor.
 - b. Vice-Chairman** – Amanda Jandreau nominated Christine Solman to continue as Vice-Chairman; seconded by Steve Wentworth.

Roll Call Vote:
Steve Wentworth – Yes; Frank McElwain – Yes; Amanda Jandreau – Yes; Dan Bagley – Yes; Dave Corriveau – Yes; Eric Hitchcock – Yes.
Motion carried with all in favor.
 - c. Secretary** – Dan Bagley nominated Amanda Jandreau to continue as Secretary; seconded by Eric Hitchcock.

Roll Call Vote:
Steve Wentworth – Yes; Frank McElwain – Yes; Dan Bagley – Yes; Christine Solman – Yes; Dave Corriveau – Yes; Eric Hitchcock – Yes.
Motion carried with all in favor.
- III. Setting Meeting Dates/Times for 2022** – Motion by Dave Corriveau; seconded by Amanda Jandreau to continue meeting on the second Thursday of each month at 5:30 pm.

Roll Call Vote:

Steve Wentworth – Yes; Frank McElwain – Yes; Amanda Jandreau – Yes; Christine Solman – Yes; Dave Corriveau – Yes; Eric Hitchcock – Yes.

Motion carried with all in favor.

- IV. Public Hearing to hear comments regarding amendments to the City's Home Occupations Ordinance, Section 13-700 §13 and Section 13-900 Definitions** – Chairman Bagley introduced this item. This revision has been going on for several months now. The Board is wanting to make the ordinance more streamlined for applications. The revision is in the packet that is a combination of many weeks of work.

Chairman Bagley opened the Public Hearing at 5:35 pm.

CEO Murchison stated that no one contacted him from the public via phone, email or mail.

There was no one in attendance from the public. The Public Hearing was closed at 5:36 pm.

Chairman Bagley submitted a few changes. Some numbering was inconsistent, so he fixed that error. Chairman Bagley reviewed his recommended changes with the Board. All minor changes.

CEO Murchison recommends that they explicitly mention to the City Council that Section 13-900 Definitions is a part of the updates.

Chairman Bagley also mentioned once it is updated, the forms will need to be updated as well.

Steve Wentworth moved to forward both sections to the City Council; seconded by Eric Hitchcock.

Roll Call Vote:

Steve Wentworth – Yes; Frank McElwain – Yes; Amanda Jandreau – Yes; Christine Solman – Yes; Dave Corriveau – Yes; Eric Hitchcock – Yes.

Motion carried with all in favor.

CEO Murchison shared there is a massage business that was approved on Lynn Drive years ago by the Planning Board. The owner recently bought Dr. El-Silimy's office. The business has prospered.

V. Approval of Minutes

a. Approval of Minutes of the December 9, 2021 Planning Board meeting –

Dave Corriveau moved to approve the minutes of the December 9, 2021 Planning Board meeting; seconded by Frank McElwain.

Roll Call Vote:

Steve Wentworth – Yes; Frank McElwain – Yes; Amanda Jandreau – Abstained; Christine Solman – Yes; Dave Corriveau – Yes; Eric Hitchcock – Yes.

Motion carried.

VI. New Business

- a. Introduction to JLD Properties, LLC Medical Marijuana Dispensary Caregiver Center Use Permit Application for 149 Bennett Drive Tax Map 38, Lot 14-A in the C-1 District** – CEO Murchison explained the application is not complete, but this is a good conversation to have. Caribou does allow dispensaries in certain zones. This is a caregiver that also wants to have a retail store, with some products and consult. More of a process to become a dispensary, so it is easier to become a caregiver. Caribou prohibits medical marijuana retail

stores of any kind. If he comes forward, the Board can only permit the land use. As far as the business, they need to go to the City Clerk. It is the old Pizza Hut building. There is only a small area that would be allowed in Caribou because of churches and schools that are close by all around town.

Conversation on opting into the State rules. Caribou only allows dispensaries.

Chairman Bagley commented that this Use Permit will need to be a Site Design Application for the Planning Board to review.

CEO Murchison explained that a 'Caregiver Retail Store' is being proposed by the Developer. Only Registered Dispensaries are allowed in Caribou, not retail.

CEO Murchison explained there is one permitted dispensary in Caribou; one medical marijuana caregiver that looks more like a retail store, but a retail store was not permitted; one grow operation and a second grow operation affiliated with a medical marijuana caregiver site. Two successful businesses doing a great job, one existing non-conformance. It's a growing industry and is all around in other towns around Caribou.

b. Introduction to Caribou Aroostook River Development District

preliminary zoning concept – CEO Murchison stated they are thinking about the Master Plan for the River Redevelopment District. It is a unique zoning all to itself. Would love to see it in the TIF district and foresees mixed use.

Chairman Bagley commented that they are looking at 5-6 zones. They envision that certain areas will have a certain set of uses. Commercial shops, bed and breakfast, parks and whatnot in the downtown. Outer areas may want other businesses. A concept where there is flexibility for the City.

CEO Murchison stated they will be looking at goals, priorities and a long range plan. Mr. Murchison wanted to bring this to the Board as an introduction and to think about.

Chairman Bagley asked the Board if they had any suggestions for the Committee and commented that this will be a collaborative project with the Planning Board.

c. Discussion on Economic Development and the Planning Board – CEO Murchison said basically everything the Board does is economic development.

Dave Corriveau stated that the Planning Board needs to plan for today, but also tomorrow and down the road. The last 20 years that he can remember, there has been no economic activity or progression. A lot of opportunities have been lost because of no staff to take care of this.

CEO Murchison commented that CEGC holds a loan portfolio. Chamber is limited to retail, ribbon cuttings etc.

Dave Corriveau said that the focus has been on keeping the taxes low. Economic development has been put aside.

Discussion.

Dave Corriveau stated that since they are doing a community profile of sorts, they can put it into a hard copy so the City Council would have a chance to look at it and perhaps fund it. CEO Murchison said to put it into the Comprehensive Plan, the re-write is 2024. It is going to cost approximately \$32,000 to have it done for the City, which will include Planning Board workshops, public outreach, etc.

Steve Wentworth agrees that the City could be promoting the community to other places, there are things available and offered but not promoted. Economic development was more of a reaction, not proactive. Mr. Wentworth believes the Planning Board could put together a recommendation for the City Council to consider. The Planning Board is here for economic development. Mr. Wentworth recommends having a workshop.

Dave Corriveau stated that there is stimulus money out there that may be able to fund it for a couple of years. Mr. Corriveau commented that with the right person, what they could bring into Caribou in a 3-5 year period will more than offset the costs of the position.

Amanda Jandreau questioned if they should be working on it for now because of the budget being worked on this month. Otherwise, it will already be 2023.

Chairman Bagley says there is a lot in the Comprehensive Plan already and things are not getting done. Dave Corriveau stated it needs its own separate identity in the Comprehensive Plan.

Chairman Bagley questioned what are the next steps, the Board is in agreement. Dave Corriveau stated to sketch out how to begin. CEO Murchison said goals, needs and priorities.

Chairman Bagley stated they need to draft a letter to the City Council to let them know what the Planning Board is thinking and their recommendation.

VII. Old Business

- a. Permit Report December 2021 (68 Total Building Permits)** – CEO Murchison stated this is a look at the permits that went on in 2021, 68 building permits were issued. Activity at old Mecon building, opening a sports bar and big ball bowling in July “ish” with tournaments, restaurant etc. Dave Corriveau said this is a form of economic development. They will have tournaments with others throughout the State. This will bring them in and they will go to restaurants.

CEO Murchison stated that Beauregard left and Gary’s moved in. It is a beautiful facility and the largest Coyote dealer in the northeast. Mr. Murchison also mentioned the City has solar developments.

- b. 2021 Notices of Violation (actionable correspondence (64))** – CEO Murchison stated this is right around the same as last year.

VIII. Staff Report - CEO Ken Murchison –

- a. Dangerous Buildings** – working on former West Gate Villa, trailers abandoned, reaching out to landowner and each trailer owner. 37 Home Farm Road collapsed, the building is back on the list for this year.

Caribou Trailer Park - one of the last tenants has left and got an apartment. Now left with five tenants, working with Housing Authority to get housing. Two tenants were notified late, so they will be ongoing but one has abandoned his trailer. Talking to legal counsel tomorrow for notices. The exciting part is re-use potential. There are potential uses that the FAA would approve.

- b. Comprehensive Plan 2024** – Chairman Bagley asked if the cost of support for this is going to be added into the budget. CEO Murchison said the City is also looking at total review of Chapter 13, Zoning of City Code through NMDC.

IX. 2022 Planning Board Goals –

- Amanda Jandreau – short term rentals.
- CEO Murchison – tiny houses and accessory dwellings.
- Dave Corriveau – site development plans to get interest in housing, not necessarily a huge 200 home situation, but maybe one or two homes like what Troy Haney has, affordable housing. Chairman Bagley asked if something is lacking in City ordinances. Dave Corriveau says the ordinances are quite restrictive and need to be loosened up.
- 2024 Comprehensive Plan.
- Riverfront Committee collaboration for zoning.
- Chapter 13, Zoning review & revisions, including processes.
- Land Banks – CEO Murchison said the State is going to look at Land Bank legislation, going to the idea committee next week. If approved, this would give the City the opportunity to have their own Land Bank.

Chairman Bagley complimented the Planning Board and stated they are a hardworking and smart group.

X. Adjournment – Frank McElwain moved to adjourn the meeting at 6:44 pm; seconded by Amanda Jandreau.

Roll Call Vote:

Steve Wentworth – Yes; Frank McElwain – Yes; Amanda Jandreau – Yes; Christine Solman – Yes; Dave Corriveau – Yes; Eric Hitchcock – Yes.

Motion carried with all in favor.

Respectfully Submitted,

Amanda Jandreau
Planning Board Secretary

AJ/dl

BROADBAND MODELS FOR UNSERVED AND UNDERSERVED COMMUNITIES

EXECUTIVE SUMMARY

High-speed internet networks have connected America to an extent unprecedented in our history, bringing advances like digital commerce, telehealth, online education, and digital media to large cities, small towns, and everywhere in between. In recent months, the COVID-19 pandemic has emphasized the importance of our collective connectivity, with millions more people working and learning from home and nearly all of us looking to stay in contact with friends and loved ones.

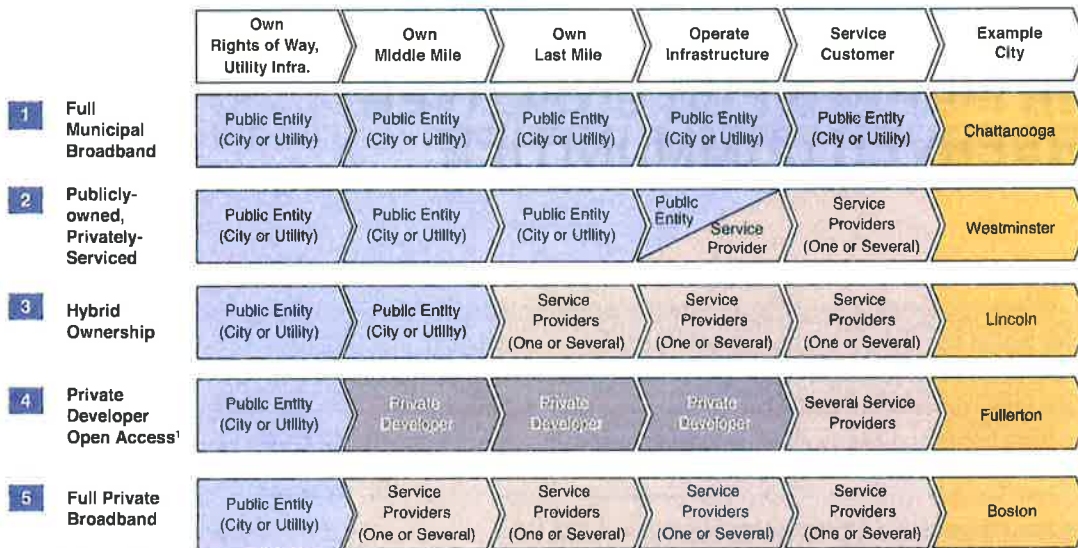
However, using conservative assumptions, we estimate that more than 6,500 U.S. municipalities – nearly one-third of all cities – still lack access to the fast, reliable internet that makes all this possible. Closing this gap is about economic opportunities for rural and urban districts but also addresses quality of life issues for millions of Americans.

The good news is that there is consensus among the major stakeholders that expanding high-speed internet access should be a major priority. Closing the digital divide has been a longstanding policy priority of the U.S. Government, the private sector continues to expand fiber deployments, and there are several communities where the local government is stepping in to ensure improved broadband access. In addition, our analysis shows new strategies emerging for service expansion, particularly where municipal governments are involved.

Altman Solon worked with US Ignite to create a guide for communities considering ways to expand broadband service. The guide includes models for fully private and fully public broadband networks, but also covers a growing range of municipally enabled broadband strategies that rely on a combination of public and private investment. It's intended to help communities understand how much capital is needed for different models of deployment, what returns to expect, and finally how to avoid the most common pitfalls.

We have assembled an extensive database of 1,000+ municipally enabled broadband programs, analyzed publicly disclosed information and case studies, and conducted in-depth interviews with key city officials. We discovered that, despite the many ways that cities have gone about implementing their broadband programs, there are five main ways to do it, each requiring a different level of investment and engagement from the municipality:

City Main Business Model Options for Broadband Expansion



Note: 1) Private Developer is defined as private company that builds, owns and operates the network infrastructure and offers open access to it to several retail SPs that provide service on the top

A vast majority of cities with municipally enabled programs (68%) have chosen to build and operate their networks through a public entity, which is either a public utility or the municipality itself (Model 1). Recently, however, more communities have shown interest in combining public efforts with involvement from the private sector. This can include engaging commercial partners solely for delivery of internet service (17% of cities chose Model 2), or teaming up with private companies that own all or a subset of local broadband infrastructure (remaining 15% chose Models 3-5).

Ultimately, decisions of which model to pursue should carefully weigh the amount of capital available, existing infrastructure and operating capabilities, viability of bringing in private parties, and local support for the initiative. For example, models with significant municipality engagement (1-2) are most suitable for cities with existing utility infrastructure, ample capital and strong local support, or smaller cities where private capital is unlikely to materialize. In other situations, bringing in a private partner can significantly de-risk operations and eventually increase the success of the program.

The shift towards private involvement that we have observed is partly a result of significant capital required to deliver a city-wide fiber internet and the complexities involved in planning and delivery of the service. For example, a city with 100,000 residents should be prepared to spend approximately \$150M+ of capital, with operating margins often less than 50%.

This calculus will still make sense for a subset of cities, and successful municipally owned networks can deliver relatively healthy IRRs (9%-16%, depending on model), but those that choose this route should be prepared for challenges along the way. To maximize chances of success, rather than take a "one-size-fits-all" approach, cities that choose to build networks without engaging private partners should explore all the many sources of funding available to them and build a detailed business case that considers the unique characteristics of their city. To offset the unavoidably high cost of building the network, cities should be creative in leveraging the fiber network to serve non-residential customers (e.g., enterprises), deliver non-broadband services (e.g., voice) and use it for other means (e.g., smart cities or backhaul for fixed wireless deployments), but start with "quick-win" opportunities first to gain traction.

While working with the private sector avoids the many budgeting and costing issues mentioned above, it brings about a different set of challenges. First, attracting attention of private ISPs, particularly for smaller cities, could be a challenge. Cities should be persistent in soliciting private engagement and think creatively about how to entice private cooperation. For example, streamlining permitting and rights-of-way, enabling access to backhaul and middle mile infrastructure (if such exists or can be leased), becoming the anchor institution for the private ISP, or co-sponsoring an Open Access network and enlisting a Private Developer to sign up the ISPs (Model #4) all can improve chances of finding a partner. Once a partner is found, it is also important to clearly define rules and goals for the program to maintain some degree of control and ensure city objectives are met.

Despite these challenges, we have seen many examples where cities were able to overcome initial difficulties and build a successful program. Municipalities can be powerful vehicles of change and help close the digital divide. We hope that this document helps cities across the nation with that important goal.

BROADBAND MODELS FOR UNSERVED AND UNDERSERVED COMMUNITIES

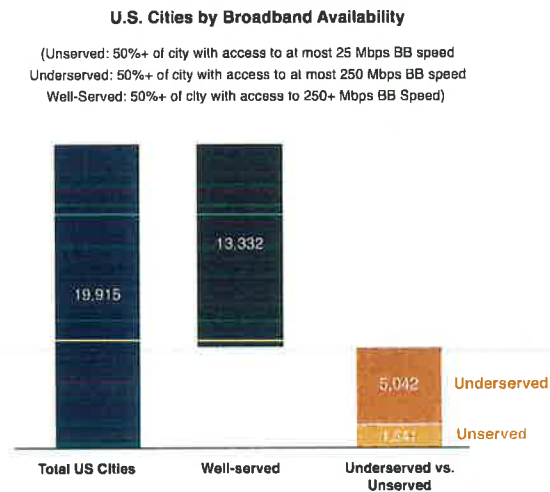
Most cities in the U.S. have fast, reliable broadband networks available to at least a subset of homes, but a large share of population still lives in areas that remain underserved and unserved. While the U.S. Government and independent private sector efforts are helping narrow this digital divide, municipalities themselves are increasingly taking a role in addressing lack of broadband in their communities.

Situation

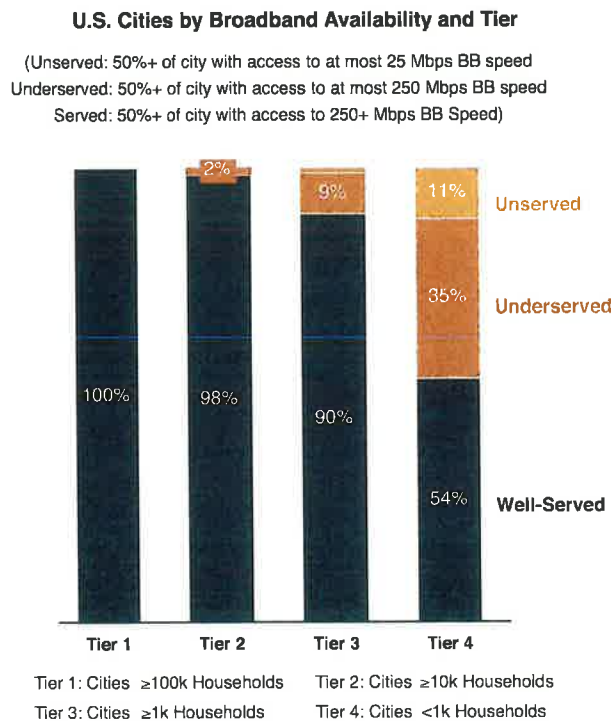
America's high-speed internet networks have the potential to push our society into the future. They are critical both outdoors, where they enable increasingly smart devices, vehicles and even entire cities, and are also pivotal in our homes which often double as digital workplaces and entertainment supercenters. This is truer now than ever before, with millions of Americans relying on internet connections to work, shop, and socialize from home. But, using conservative assumptions, we estimate that more than 6,500 U.S. municipalities still lack access to the fast, reliable internet that makes all this possible.

There are multiple forces working to expand fast, reliable broadband to the nation's communities in the greatest need. The Federal Government is involved. Currently, the FCC is offering \$20.4B through its Rural Digital Opportunity Fund (RDOF) for areas without internet access at or above 25Mbps. Likewise, small ISPs, larger cable operators, and national carriers are all expanding. Unfortunately, these solutions cannot bring all U.S. cities the fast, reliable broadband they need. Not all cities will benefit from these subsidies and investments, and even the ones that do may still end up with unreliable or slow broadband. Many existing broadband networks require major investments and overhaul to support rapidly evolving broadband use cases, but frequently only receive small incremental upgrades.

U.S. CITIES BY BROADBAND AVAILABILITY AND TIER



Using conservative assumptions, nearly 1 in 3 U.S. cities lack access to high-speed internet, disqualifying their residents and businesses from multiple emerging technologies

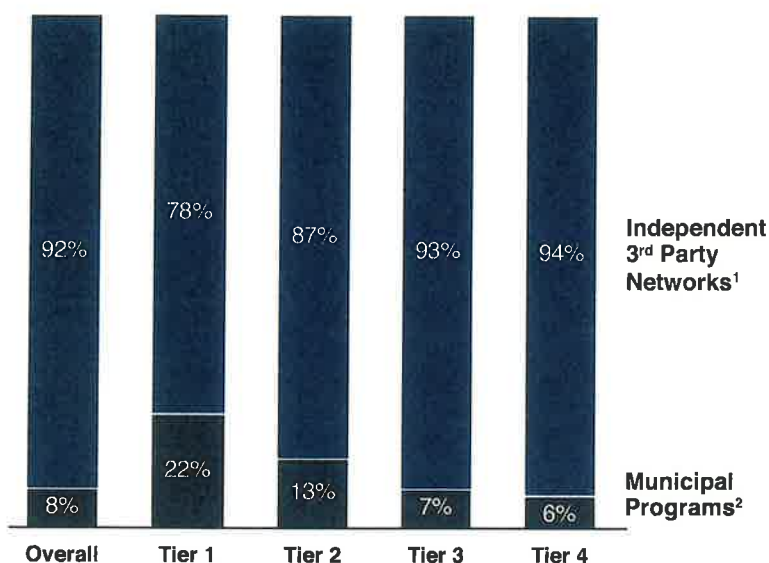


The digital divide doesn't affect all cities equally either: smaller cities are especially vulnerable, with 99.7% of unserved or underserved cities containing a total of 10,000 households or less

With this digital divide remaining despite government and private sector efforts, municipalities are increasingly taking it upon themselves to enable fast, reliable internet access for their communities. Where incumbent providers and federal funding fall short, cities are creating municipal ISPs, finding novel ways to incentivize private partners to enter their market, and/or working hand-in-hand with private developers and ISPs to reach their goals.

U.S. Well-Served Cities by Municipal Engagement

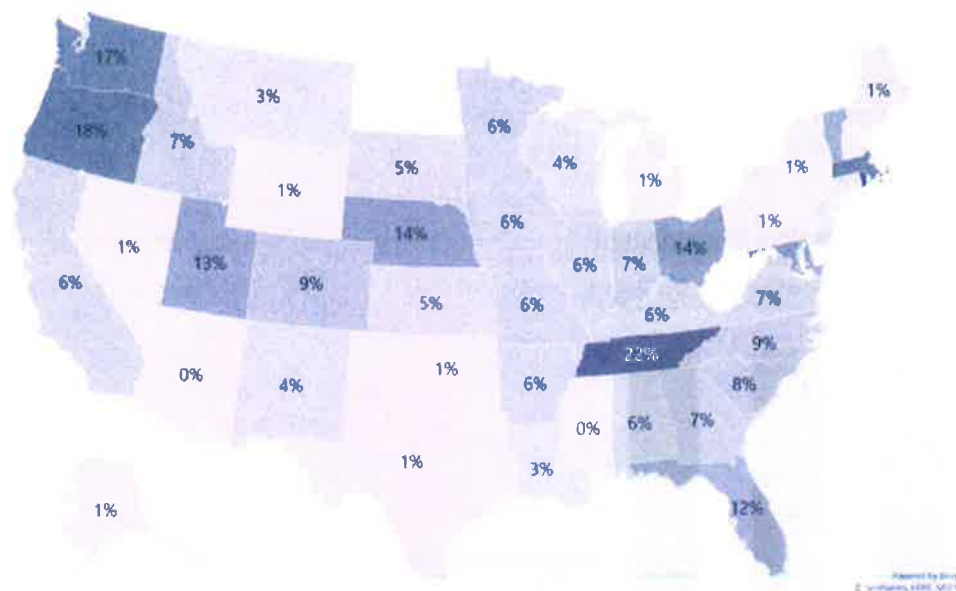
(Well-Served: 50%+ of city with access to 250+ Mbps BB Speed)



Note: 1) Cities with Municipal Programs are those where the public entity (city or utility) was involved in making broadband available across the city (e.g., by providing it themselves or enabling the private sector) 2) Cities with independent 3rd Party Networks defined as those where the public entity did not contribute to the enablement of broadband access

These "Municipal Broadband Programs" are not a new solution, but rather a growing one. Nationwide, 8% of well-served cities in the U.S. – slightly more than 1,000 in total – are served by some form of municipally enabled program. These programs are seen from large cities, to small rural towns of a few thousand residents.

Estimated % of Homes in Cities with Municipal Broadband Programs by State
(Homes in Cities with Municipal Broadband Programs Over Total Homes in the State)



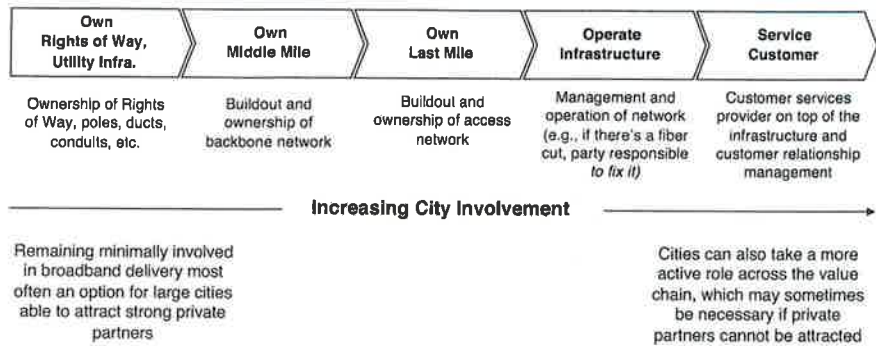
Municipally enabled networks are not specific to a particular region; they are spread across the U.S. Though municipal involvement is more prevalent in some areas than others, as shown in the map above, there are few states with no municipal broadband programs. While these programs face challenges from legislative barriers to their own operational complexity, many have found successful approaches.

Altman Solon worked with US Ignite to create a guide to help those municipalities that choose to play a leading role decide how to expand internet access in their communities, understand how much capital is needed and what returns to expect, and finally how to avoid the most common pitfalls. We have assembled an extensive database of 1,000+ municipal broadband programs, analyzed publicly disclosed information and case studies, and conducted in-depth interviews with key city officials, of which there are many that contributed invaluable knowledge and experiences to the creation of this report.

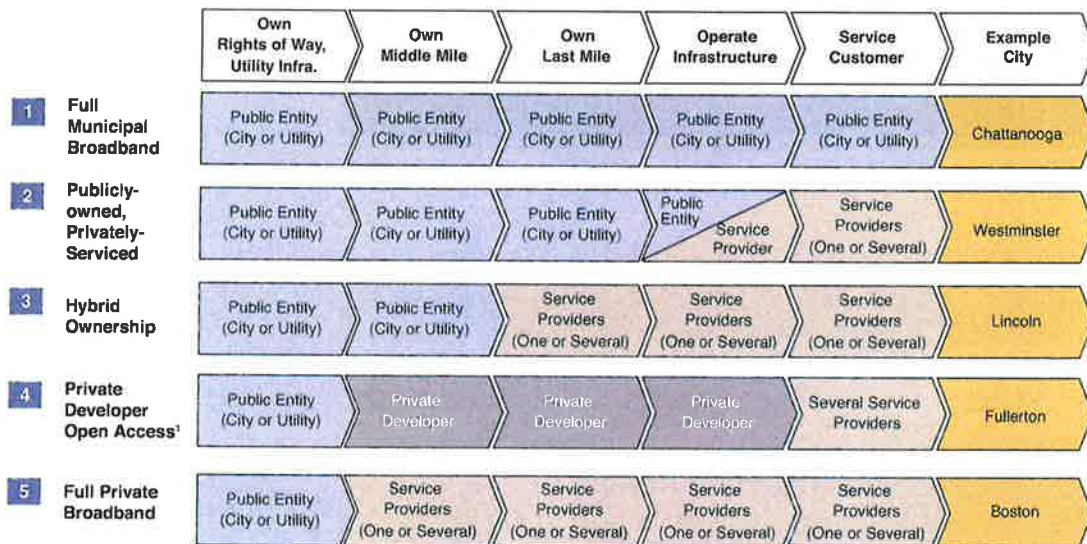
BUSINESS MODELS

We analyzed 1,000+ municipal broadband models and found that the primary way municipalities differentiate their broadband programs are by their engagement in network ownership, operations, and service delivery. This variability in ownership gives rise to five models differentiated along a value chain of asset ownership and broadband delivery:

Infrastructure Ownership and Service Value Chain



City Main Business Model Options for Broadband Expansion

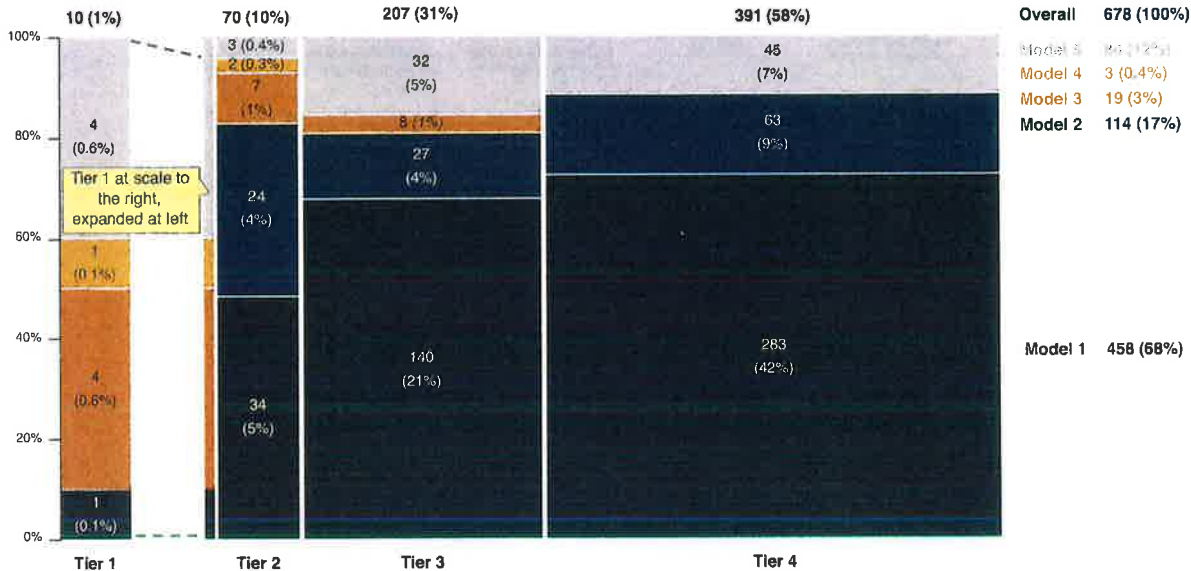


Note: 1) Private Developer is defined as private company that builds, owns and operates the network infrastructure and offers open access to it to several retail SPs that provide service on the top

While a vast majority of cities with municipal programs (68%) have chosen to build and operate the network themselves (Model 1, as seen in Chattanooga, TN), there has recently been a shift towards engaging the private sector more, either as partner only in delivery of the service (17% of cities chose Model 2, as seen in Westminster, MD), or owner of all or a subset of the infrastructure (remaining 15% chose Models 3-5, as seen in Lincoln, NE, Fullerton, CA, and Boston, MA respectively).

Municipal Program Models by City Tier

of cities, % of total municipal programs with defined model, excluding 338 unclassified



The prevalence of Model 1 is especially high amongst smaller (Tier 4) cities where there may not be any options for private cooperation. More generally, we found that there are four key factors that cities consider when making decisions on which municipal broadband model to pursue:

Key Decision Factors	Options	Definition	Impact on City Decision
Capital Availability	Good Access to Capital / Funding	There's sufficient financing sources to fund significant part of the build	Good capital availability should push city to own / fund larger part of the project without bringing in private ISPs
	Poor Access to Capital / Funding	There's limited capital / funding availability, seeking commercial capital will be required to fund	
Existing Infrastructure	Good Existing Infrastructure / Capabilities	There's existing public utility with conduit / infrastructure and operating capabilities	Presence of existing infrastructure and/or capabilities should push city to take more control over project, provides a "bargaining" chip with ISPs
	Poor Existing Infrastructure / Capabilities	There's no existing utility or there is but infrastructure and operating capabilities are poor	
Partnership Options	Viable ISP Partner(s)	City has attractive demographics or good value proposition for third party ISP	Lack of viable ISP partnerships limits city options to those models that require significant involvement from the ISP
	No Partner Options	City is too small, too remote, or otherwise unattractive for 3rd party ISP	
Objective and Risk Tolerance	Community Benefit	Using the broadband infrastructure to create innovation and benefit community in non-financial ways	Strong public support towards anchoring project around community benefits should push city to seek more control / ownership over infrastructure
	Meeting Financial Goals (High Risk)	Using the broadband infrastructure to meet measurable financial goals while maximizing broadband availability	Focus on meeting financial goals / targets should push city to more predictable financial models (e.g., 3rd party driven)
	Meeting Financial Goals (Low Risk)		

Depending on where cities fall on these criteria, there may be a business model that is a more optimal choice for them. To steer cities in the right direction we have distilled the choice into a decision tree that could help communities develop the best strategy:

Municipal Broadband Model Decision Tree

Capital Availability	Existing Infrastructure	Partnership Options	Objective and Risk Tolerance	Optimal Business Model	
Good Access to Capital / Funding	Good Existing Infrastructure / Capabilities	Viable ISP Partner(s)	Community Benefits	Full Municipal Broadband – maximizes community benefits when capital / infrastructure are available	1
			Meeting Financial Goals	Publicly-owned, Privately Serviced – reduces risk when full control over service not as important	2
		No Partner Options	Community Benefits	Full Municipal Broadband – maximizes community benefits when capital / infrastructure are available	1
			Meeting Financial Goals	Full Municipal Broadband – is the only option when no ISPs will partner	1
	Limited Existing Infrastructure / Capabilities	Viable ISP Partner(s)	Community Benefits	Publicly-owned, Privately Serviced – reduces risk in absence of operational capabilities	2
			Meeting Financial Goals, High Risk	Publicly-owned, Privately Serviced – maximizes return potential while leveraging ISP partnership	2
			Meeting Financial Goals, Low Risk	Private Developer Open Access – limits risk to the city but maximizes chances of success w/ ISP partner	4
		No Partner Options	Community Benefits	Full Municipal Broadband – is the only option when no ISPs will partner but there's capital	1
			Meeting Financial Goals		
Limited Access to Capital / Funding	Good Existing Infrastructure / Capabilities	Does not matter		Hybrid Ownership – hybrid models are optimal when capital is limited but there's existing infrastructure, regardless of other factors	3
	Limited Existing Infrastructure / Capabilities	Viable ISP Partner(s)	Community Benefits	Private Developer Open Access – maximizes city control in light of limited funding / infrastructure	4
			Meeting Financial Goals	Full Private Broadband – maximizes chances of success while ensuring goals are met	5
		No Partner Options	Does not matter	Limited options, have to go back and seek more capital, likely government funding / subsidies	

While a decision tree like this may suggest that picking a business model is easy, it is quite the contrary. While the above is a good "rule of thumb" there are unique circumstances that each city faces and doing a thorough diligence across all potential options should always be the starting point. To do that analysis accurately, a city first needs to understand how much capital is required and what the financial returns of the program may be.



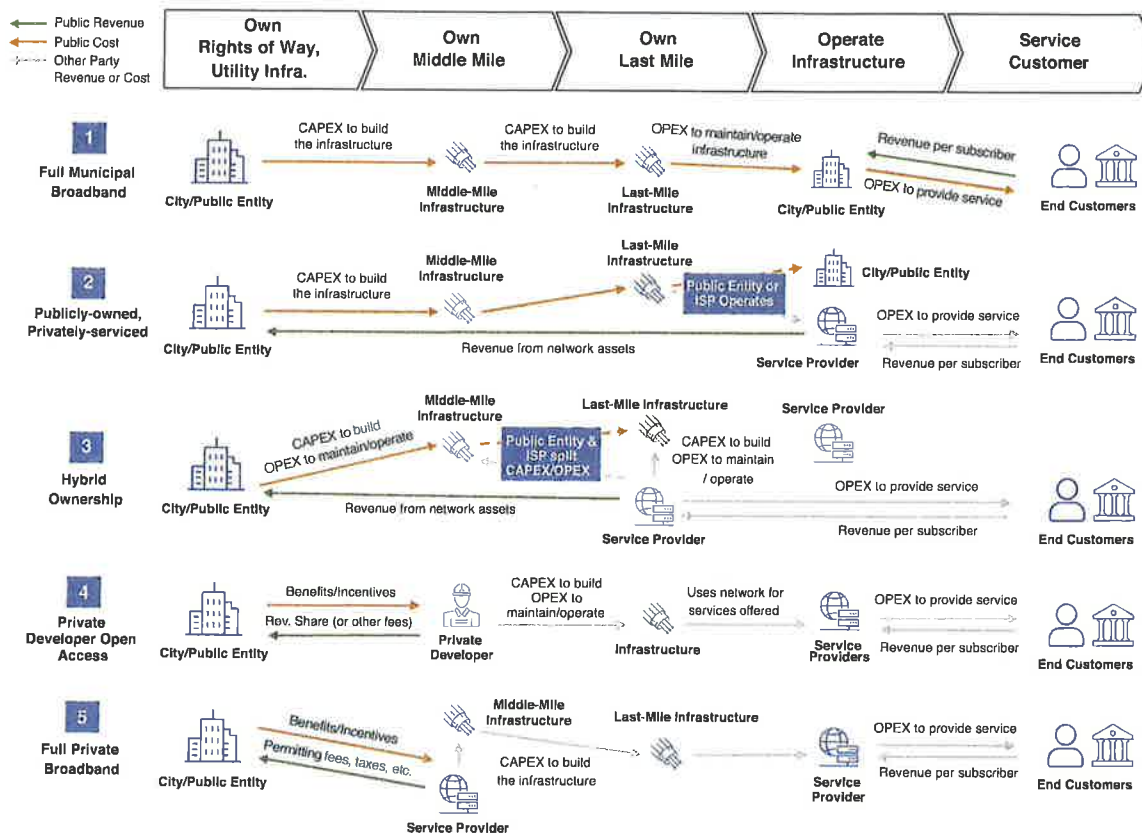
FINANCIAL CONSIDERATIONS

Municipal broadband programs are long-term investments, and these projects can take up to five to ten years to complete. Fiber is a resilient and future-proof piece of telecom infrastructure, but it is also expensive to deploy. This means investment in fiber is hardly a "no-brainer" for all municipalities. Cities looking to invest to close the digital divide in their communities should prepare for payback periods of 15+ years, particularly across smaller and/or rural communities. These paybacks have often deterred interest from the private sector and make careful planning and business analysis critically important for any municipal broadband program.

The capital expenditures (CAPEX) associated with building a fiber-to-the-home network include a range of fixed and variable costs. These include the cost of laying the initial network infrastructure, which could range from \$500 to \$4,000 per home largely depending on the density of the city, as well incremental costs to connect each customer. Costs to connect each customer can include the cable drop to the home, the modem at the home, and the labor cost of the installation. Those could add up to \$1,000 for each incremental customer. All-in, capital requirements for a broadband program in a city with 100,000 residents could end up around \$150M.

Operating costs can vary greatly as well, and those depend on experience and efficiency of the broadband provider, amount of synergies with the core city staff (if any), and types of services delivered to the customers. Cities that want or need to offer TV to its residents must prepare for lower margins given high and rising content costs (although this can be mitigated with Over-The-Top offers). We see cities most often budgeting between \$40 and \$100 of OPEX monthly for each residential subscriber they sign up.

Not all cities will have to cover all these costs. Those that bring in a private ISP or developer to help service the customers and/or build the network can split operating costs, capital costs, or both with that third party. In return they would most typically offer free or low-cost access to city infrastructure, fixed payments, or some variable revenue share typically tied to the number of subscribers in the municipal broadband program:



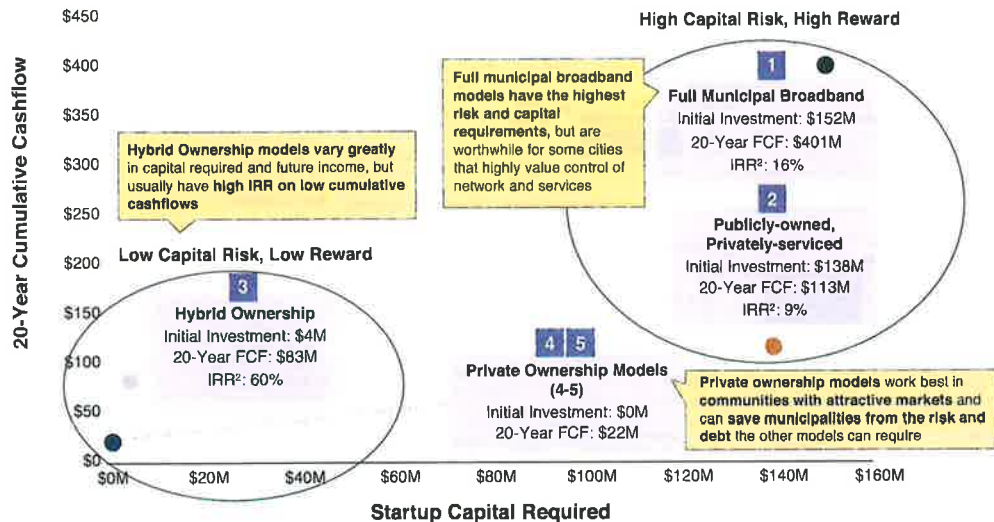
In addition to impacting share of required costs, the business model also dictates the amount of revenue that cities can generate from the program. On the high-end, cities that deploy and operate Full Municipal Broadband themselves could generate direct revenues of up to \$140 per residential customer every month, without considering additional revenue streams from businesses and other anchor institutions. On the low-end, cities that choose Full Private Broadband models would generate limited revenues, aside from permitting and tax fees, which could even be waived in many cases to entice private engagement.

It should be clear by the broad ranges quoted above that the financial performance varies greatly not only by the model, but even from city to city. Using an "average" set of assumptions for a city of 100K residents, we've arrived at typical IRRs between 9% and 16% for Models 1 and 2, with significant amount of capital required but also significant cash flow potential once the program is mature. Cities that are not ready to take on this amount of risk could pursue hybrid models or fully give up network ownership to third parties – those investments will be relatively low risk, result in high IRRs but also (typically) more limited cash flow upside:

Cash Inflows/Outflows by Business Model

20-Year Cumulative Cashflow vs. Capital Required¹

(\$M on axes, 20-Year IRR in data labels)




Notes: 1. Example city standardized across models for consistency, capital required is total negative cashflow accumulated before model reaches breakeven;
2. 15-Year IRR using a 15x OPFCF multiple

While financial performance varies from city to city, the inability to budget appropriately is a main reason some programs fail, reinforcing the need to develop a detailed business case as the first step in any city's implementation plan.

IMPLEMENTATION AND LESSONS LEARNED

There are four key challenges common to most cities pursuing a municipal broadband program: in addition to poor budgeting, some choose the wrong business model due to a "one-size-fits-all" mentality, struggle to secure adequate funding, or fail to maximize their program's value.


- Budgeting:** Detailed budgeting is critical to success. A detailed analysis—including designing a full network plan—is essential during the planning phase. It is also important not to overlook any major sources of costs. Those most typically include labor for delivering the service, managing and maintaining the network, but also costs to support any debt and interest payments. As costs increase, it is also important to be clear-eyed and consider private sector involvement; many private ISPs have much lower operating costs due to their scale and experience, while having private developers build and operate the network can significantly reduce the cost associated with network operations and maintenance.
- Funding:** Especially when the total budget is high, securing the right funding may become a roadblock. More "traditional" funding options include soliciting contributions from anchor institutions, selling bonds, enlisting local utility involvement, securing federal and state grants, or asking private partners to co-fund the builds. When those are not an option and/or are not enough, cities often get creative. For example, some had their residents contribute money to the program, by either paying for several months of service upfront, or pooling money across neighborhoods and buying bonds from the city. Creative approaches like this may work for certain cities when securing more traditional funding is not an option.

- 
3. **Diligence:** Even when budgets are finalized and capital secured, it is also tempting to just copy a "success story" from another city. Skipping the diligence on evaluating which business model to pursue, however, can lead cities down the wrong path. In our research, we have encountered numerous examples of cities ultimately having to pivot from the initially selected business model because they "dove-in" too quickly.
 4. **Related Benefits:** Lastly, when the path is chosen and business model is selected, cities should think holistically about how else they can use the program to serve their communities and ensure the network has the architecture to support that plan. For example, while residential service is often the primary motivation, cities should not forget about enabling internet access to the commercial sector, which can spur job and value creation. Additionally, while few cities have thus far used their municipal fiber to enable "Smart City" solutions, these solutions can spread digital literacy to more residents. And, while the municipality focus has been on fiber services thus far, there are also scenarios where mobile or fixed wireless broadband are more appropriate for last mile connectivity. Communities should consider where fiber investment is valuable and how it can be tied to other network technologies as needed.

While these challenges are common regardless of the selected business model, cities pursuing models with more municipal involvement are more prone to many of these. To maximize chances of success, special attention should be paid to budgeting and costing, and revenue generation should be prioritized and accelerated to the extent possible. For example, targeting densest business and residential areas first or starting with commercial-only services is one way to generate a steady inflow of cash to help cover program costs.

Working with the private sector avoids many of the budgeting and costing issues mentioned above, but it brings about a different set of challenges. First, attracting the attention of private ISPs, particularly for smaller cities, could be a challenge. Cities should be persistent in soliciting private engagement and think creatively about how to entice private cooperation. For example, streamlining permitting and rights-of-way, enabling access to backhaul and middle mile infrastructure (if such exists or can be leased), becoming the anchor institution for the private ISP, or co-sponsoring an "Open Access" network and enlisting a private developer to sign up the ISPs (Model #4) all can improve chances of finding a partner. Once a partner is identified, it is also important to clearly define rules and goals for the program to maintain some degree of control and ensure city objectives are met. This is especially true for the "Open Access" programs which require participation of a private developer and one or several ISP partners. These models have been relatively rare in the U.S., but "Open Access" has proven successful in Europe and should be considered as an option for any city considering a municipal broadband program today, particularly as it strikes a good balance between providing a city the control it needs while also de-risking the investment and operations.

Although the digital divide that remains in our country is unlikely to be fully closed soon, municipalities can still be powerful agents of change. We hope this study will pass along the hard-won lessons of prior programs and aid municipalities considering broadband expansion to better serve their residents. The faster we work together to bridge the digital divide, the sooner we all benefit from the technologies of the future.



There are many people – from municipal IT directors to municipal telecom general managers to local elected officials – who have contributed their knowledge and experiences to the creation of this whitepaper. The real-world experiences of these leaders provided an essential complement to the data analysis we conducted. We thank everyone who participated for their wisdom and willingness to share important lessons.

ABOUT US IGNITE

US Ignite is a high-tech nonprofit with a mission to accelerate the smart community movement. We work to guide communities into the connected future, create a path for private sector growth, and advance technology research that's at the heart of smarter development. For more information, visit www.us-ignite.org.

ABOUT ALTMAN SOLON

Altman Solon is a global strategy consulting firm that works across the Telecommunications, Media, and Technology (TMT) sectors. Our consultants are united by passion and intellectual curiosity for TMT and work with market leaders, challenger brands, and investors in these industries.

Altman Solon was formed following a merger between Altman Vilandrie & Company and Solon Management Consulting in 2020, cementing a decade-long partnership across the Atlantic to form the world's largest global strategy consulting firm with an exclusive focus on the TMT sectors.

Altman Solon has extensive international reach with around 300 employees based in Boston, London, Milan, Munich, New York, Paris, San Francisco, and Warsaw, with successful projects completed across more than 100 countries.

For further information, please visit www.altmansolon.com.

Project Overview:

- ConnectME grant to take Hope/Appleton to the 100% Fiber to the Home (FTTH) level*
 - 2 yr grant project: July 2021 – June 2023
- New fiber build
 - 2.79 miles in Hope
 - 2.52 miles in Appleton
- 1,034 new installs covered in the 2 yr grant project
- Total Project cost: \$1,764,380.00
 - \$705,752.00 ConnectME grant (40%)
 - \$1,058,628.00 LCI/Tidewater capital (60%)

*Note: the grant covers addresses in Hope & Appleton that are within the LCI/Tidewater Telecom exchange area. There are approx. 35 addresses in the southwest corner of Appleton that are in the Consolidated Communication area and as such, are not included. Roads not covered are: Fishtown Rd., Esancy Rd., Hatchery Ln., Mitchell Hill Rd., Dorman Ln.

Pricing/Terms:

- O.P.E.N.™ Fiber Optic Broadband
 - 50 x 10 Mbps: \$64.95*
 - 100 x 20 Mbps: \$89.95*
 - 50 x 50 Mbps: \$109.95*
 - 100 x 100 Mbps : \$129.95*
 - All above include:
 - Phone service and 1,000 long distance minutes within the Continental US.
 - Optical Network Terminal (ONT) and Battery back-up unit.
 - 1 jack and inside wiring within 10' of the service entry included.
 - NO standard broadband installation fee.
 - Standard Install Includes first 500' of aerial fiber drop wire (or 250' of buried/conduit drop wire) from our pole to house.
 - \$1 per ft for additional aerial fiber.
 - \$2 per ft for additional buried/conduit fiber.
 - Customer is responsible for installing conduit and ensuring it is passable and that a pull string is in place.
 - NO Contract required.
 - LCI/Tidewater Router required.

*Required taxes and fees not included

Questions? -- email us at --- specialprojects@Tidewater.net

Apply beginning **JULY 1st** -- at www.Tidewater.net -- use the special Hope/Appleton application link

New Fiber Build Process: Approx 5.3 miles of new fiber optic cabling will be constructed on the following roads that currently do not have fiber optic network coverage:

Hope: Loon Ln; Main St./Hwy 17 (from Pushaw Rd. to Camden townline) , Notch Rd., True Ln., Laukka Ln., Faith Ln., Overlook Dr.

Appleton: Back Rd., Pettingill Ln., Gushee Rd., Lodge Ln., Hillside Rd. Guinea Ridge Rd.. Appleton Ridge Rd (from Burketteville Rd to Union townline)

This process consists of field surveys; engineer design specs.; line construction work; fiber splicing work. The new fiber build phase will take place from July 2021 through March 2022.

Application and Installation Process:

- Applications received from eligible Hope/Appleton residents will be processed as a part of a separate ConnectME project management group (i.e., they will not be included in our general new install backlog workload).
- All pending applications received from Hope & Appleton prior to July 1, 2021, that have not already been scheduled, will be automatically included in the ConnectME grant project group.
 - These pre-July 1, 2021 applications:
 - will receive the pricing and terms noted above,
 - will be the first group to be scheduled for installation.
 - if the applicant already paid an Aid to Construction fee that may need to be reduced due to the new terms, the balance will be credited to that customer's account.
- All applicants after July 1, 2021 will be asked to complete the new online application for the Hope/Appleton ConnectME project.
 - They will be asked to either use a direct link emailed to them, or they can simply go to www.Tidewater.net - **use the Hope/Appleton online app. link**
- Once the application is received, the applicant will be contacted by a Customer Service Rep regarding any additional information that may be required and next steps.
- We anticipate beginning the first installations in September 2021.

Planning, Communication and Patience This is a large and technical infrastructure project that will be completed over a 2-year period. Over 1,000 households in the combined Hope and Appleton area will be eligible for service.

LCI/Tidewater will be working closely with the Broadband Committees in both Hope and Appleton to establish an efficient installation process that will be fair, while best meeting the needs of both communities.

It is our hope that we can complete over 1,000 installations in less than 2 years. We know that you and your neighbors are eager to have fiber optic broadband installed at your address. With patience, good planning, and effective communication, this goal can, and will, be achieved.

Questions? -- email us at --- specialprojects@Tidewater.net

Apply beginning JULY 1st -- at www.Tidewater.net – use the special Hope/Appleton application link

Project Overview:

- ConnectME grant
 - 1 yr grant project: July 2021 – June 2022
 - New fiber build – 11.61 miles
 - 257 new installs covered in the grant project
- At the conclusion of this project, Bristol will be:
 - Considered 100% “Served” – i.e., all homes/businesses will have access to at least 25 x 3 Mbps broadband (the State’s definition of “served” at time of this grant award)
 - Approx. 52% Fiber to the Home accessible (with homes/businesses on the Tidewater Fiber Optic Network roads built to a min. 100 x 100 Mbps capability)
- Total Project cost: \$564,600.00
 - \$141,150.00 ConnectME grant (25%)
 - \$100,000.00 Private Foundation contribution (17.7%)
 - \$323,450.00 LCI/Tidewater capital (57.3%)

Pricing/Terms:

- O.P.E.N.™ Fiber Optic Broadband
 - 50 x 10 Mbps: \$64.95*
 - 100 x 20 Mbps: \$89.95*
 - 50 x 50 Mbps: \$109.95*
 - 100 x 100 Mbps : \$129.95*
 - All above include:
 - Phone service and 1,000 long distance minutes within the Continental US.
 - Optical Network Terminal (ONT) and Battery back-up unit.
 - 1 jack and inside wiring within 10’ of the service entry included.
 - NO standard installation fee.
 - Standard Install Includes first 500’ of aerial fiber drop wire (or 250’ of buried/conduit drop wire) from our pole to house.
 - \$1 per ft for additional aerial fiber.
 - \$2 per ft for additional buried/conduit fiber.
 - Customer is responsible for installing conduit and ensuring it is passable and that a pull string is in place.
 - NO Contract required.
 - LCI/Tidewater Router required:

*Required taxes and fees not included

Questions? -- email us at --- specialprojects@Tidewater.net

Apply beginning JULY 1st -- at www.Tidewater.net – use the special Bristol application link

New Fiber Build Process: Approx 11.61 miles of new fiber optic cabling will be constructed in Bristol to reach previously “unserved” homes (i.e., those with less than 25 x 3 Mbps broadband access available).

This build-out process consists of field surveys; engineer design specs.; line construction work; fiber splicing work. The new fiber build phase will take place from July 2021 through Mar.2022.

Application and Installation Process:

- Applications received from eligible Bristol residents will be processed as a part of a separate ConnectME project management group (i.e., they will not be included in our general new install backlog workload).
- All pending applications received from Bristol prior to July 1, 2021, that have not already been scheduled, will be automatically included in the ConnectME grant project group.
 - These pre-July 1, 2021 applications:
 - will receive the pricing and terms noted above,
 - will be the first group to be scheduled for installation.
 - if the applicant already paid an Aid to Construction fee that may need to be reduced due to the new terms, the balance will be credited to that customer’s account.
- All applicants after July 1, 2021 will be asked to complete the new online application for the Bristol ConnectME project.
 - They will be asked to either use a direct link emailed to them, or they can simply go to www.Tidewater.net - **use the Hope/Appleton/Bristol online app. link**
- Once the application is received, the applicant will be contacted by a Customer Service Rep regarding any additional information that may be required and next steps.
- We anticipate beginning the first installations in September 2021.

Planning, Communication and Patience

This is a significant technical infrastructure project that will be completed over a 1-year period. Over 250 households in Bristol will be eligible for service.

LCI/Tidewater will be coordinating with the Bristol Broadband Committee and Town Office in to establish an efficient installation process that will be fair, while best meeting the needs of the communities.

It is our goal to complete over 250 installations in the 1-year timeframe. We know that you and your neighbors are eager to have fiber optic broadband installed at your address. With patience, good planning, and effective communication, this goal can, and will, be achieved.

Questions? -- email us at --- specialprojects@Tidewater.net

Apply beginning JULY 1st -- at www.Tidewater.net – use the special Bristol application link

Some Basics for Economic Development

- 1) Prepare a Mission Statement and set goals**
- 2) Establish objectives that are attainable**
- 3) Development of a marketing plan**
 - a) List community assets
 - b) Strengths and Weaknesses
 - c) Community Profile
 - d) Know your competition
 - e) Industrial Sites
 - f) Broadband/Strengths of local access
 - g) Employ Grant Writer
- 4) Local Incentives and Finance Programs (Venture Capital?)**
 - a) State incentives and Bond Acts
 - b) Regional Programs (Northern Border Commission)
 - c) Federal Programs (EDA, USDA etc.)
 - i. American Rescue Plan Act
 - ii. Possible Business Incubator Facility
- 5) Labor Market Data**
 - a) Schools/Caribou Tech Center/Northern Maine Community College/ Job Corps/ UMPI/UMFK
 - b) Former Loring Airforce Base Infrastructure (LDA)
 - c) Transportation Services

Promoting Rural Entrepreneurship and Rural Economic Development



Neil A. Belson

The ongoing population and business declines in rural America are undeniable, but they need not be inevitable. Those who say that rural America is destined for perpetual decline forget that this was the prediction for large urban centers in the 1970s. People who work closely with rural economic development passionately believe that rural communities can, in fact, become revitalized, creative entrepreneurial centers. Rural communities can offer many attractions including lower costs, lack of congestion, a greater sense of community, and a slower pace of life. Additionally, rural areas have built-in advantages for certain kinds of businesses. Furthermore, technological advances make it possible for rural businesses to reach customers across the country and even around the world without having to sacrifice a rural lifestyle.

Rural communities will not succeed on a grand scale on their own, however. Rural success stories, while they reflect considerable vision and hard work by entrepreneurs and local community leaders, have often involved injections of public funding and other policy support at critical moments. The

federal government can be a valuable partner in realizing the full potential of rural America.

This paper examines challenges facing rural communities, with a general focus on the Midwestern United States. The paper also discusses examples of promising economic development approaches, as well as a look at some industries where rural communities may have competitive advantages. It concludes with a number of policy recommendations for enhancing rural entrepreneurship and rural economic development.

Three Rural Economic Challenges

Population levels in rural America have declined since 2010, perhaps the first time that rural populations have declined through a decade.¹ Rural America now represents less than 20% of the U.S. population. Nonetheless, with 97% percent of U.S. land area considered rural,² rural America will continue to have an outsized importance economically and politically. The United States Senate, for example, is a rural-dominated institution with a majority of the Senate seats coming from states that in total represent just 18% of the US population.³ Nonetheless, economic development in rural America faces a series of challenges.

Traditional industry is not a solution.

First, reliance on traditional industries is unlikely to succeed. The size of individual farms has continued to expand as technological advances allow farmers to efficiently farm ever-larger acreage. As a result, while per-acre production increases, the number of individual farms and persons directly employed in agriculture is continually declining. Similarly, increased automation means that traditional agricultural processing facilities are likely to require fewer employees.

“Smokestack chasing”—attempts by economic development offices to recruit a single major employer to a community by offering attractive incentives—is not a viable strategy for most communities. Such an approach does not stimulate the inherent creativity in a community but rather is dependent on the internal decisions of outside companies. It is in many ways a zero-sum endeavor: one community’s gain is several others’ loss. Often, even for the community which is successful in bidding for the relocating company, the incentives provided to a company as an inducement to relocate exceed the financial benefits the company will bring.⁴ That does not mean that a community should not seek to attract prospective large employers if an opportunity arises. However, an economic development strategy that relies primarily on attracting outside large employers to relocate to a particular community is a strategy that is not likely to be replicable across many communities.

Broadband is far from ubiquitous.

Second, too many rural areas still lack broadband.

Approximately 39% of the U.S. rural population, or 23 million people, lack access to “fast” broadband internet service—as defined by the Federal Communications Commission—compared with 4% of urban residents.^{5, 6} The primary reason for this lack of broadband is well-known: broadband is much more expensive to bring to rural communities, with low population densities, than it is in an urban environment where many residents live in a compact area. As a result, rural broadband is often not a profitable option for major carriers.

The importance of broadband cannot be overstated. Lack of broadband in a community is, in the words of one rural developer, a “death sentence” for a community.⁷ In fact, a 2013 study found that rural counties in which at least 60% of the population used broadband internet had a faster rate of income growth and a lower rate of unemployment growth than counties without broadband internet.⁸

Without broadband, businesses cannot compete with businesses located in areas with broadband. Farmers cannot

utilize precision agriculture tools which help them more efficiently use fertilizer, irrigation and other inputs, follow market prices, or find customers.⁹ Communities that lack broadband cannot compete with communities that have broadband when it comes to attracting new business and investment.

Entrepreneurial environments are a challenge.

Finally, access to capital and creating an entrepreneurial environment in rural America continue to be a struggle. Rural businesses increasingly struggle to obtain loan financing: the value of small loans to rural businesses declined by more than half between 2004 and 2017, after adjusting for inflation.¹⁰

Once adequate infrastructure (such as broadband internet) is available, the most significant determinant in whether a rural community will be able to thrive or will continuously decline is probably the creativity and initiative of the community and its leaders. If they are able to create an environment where creativity and entrepreneurship are visible and encouraged, then even communities seemingly in inexorable decline have an opportunity for revitalization.

A Series of Promising Approaches

These trends and challenges are fundamentally changing the face of rural America and having a profound impact on how Americans in those areas sustain themselves and their families. Even so, some promising approaches offer case studies for revitalizing vast areas of the country.

Case Study #1: Attracting Broadband to Rural America

One of the most successful New Deal programs of the 1930s was the federal Rural Electrification Act (the “REA”). The REA played a critical role in bringing electricity to rural communities. Prior to the REA, only about 10% of rural America had electricity, while approximately 90% of urban

dwellers had electricity.¹¹ The REA was enacted in 1936. By 1939, over 400 rural electric co-ops had formed and approximately 25% of rural Americans had access to electricity.¹² By the time FDR died in 1945, over 90% of rural America had access to electricity.¹³ The analogy is not perfect —internet connectivity is continually improving and any physical infrastructure will likely require continual updating to avoid obsolescence in a way that rural electrification did not. Nonetheless, the REA example demonstrates the impact that well-targeted public programs that encourage private initiative can have.

Some cooperatives formed under the REA have been instrumental in bringing broadband internet to their communities. For example, Co-Mo Electric Cooperative, Inc., a customer-owned cooperative in Central Missouri formed in 1939, has built connections to 25,000 members in a relatively sparsely populated area.¹⁴

In other instances, states have stepped in. For example, the State of Minnesota has established an Office of Rural Broadband, with the statutory goal of making broadband accessible to all homes in Minnesota.

Below are some examples of broadband being deployed and effectively leveraged:

Rock County, Minnesota. Rock County, Minnesota has been particularly effective at making broadband a springboard for economic development. Although located in the far southwest corner of the state, with a population under 10,000, Rock County has achieved the highest rates of broadband access of any county in the state. Over 99.9% of the county has access to high speed internet, at speeds which substantially exceed the FCC's minimum definition of broadband internet.¹⁵, ¹⁶

Once internet was available, Rock County's economic development office used internet service as a selling point to pitch the community to businesses. The county scored a success when a maker of agricultural slats, Midwest Dry Cast,

set up operations in the county. The county then used this success as evidence of its attractiveness as a business location, to lure new wind and solar projects to the community. Additionally, the county attracted a new shrimp production facility, anticipated to generate approximately 20 new jobs and over \$10 million in new construction. (In the case of the shrimp facility, the hookup of the community to a public water system also played an important role in the company's decision to locate in Rock County.)¹⁷ The county's demonstrated success in serving as a good location for business serves in turn as a springboard to attract additional business.

Significantly, Rock County has also used broadband to improve the general quality of life for its residents. For example, it has established an "e-visit" arrangement with a hospital in neighboring South Dakota to provide telemedicine services to its elderly residents.

Mitchell, South Dakota. Mitchell has utilized broadband to become an entrepreneurial hub, even as surrounding counties have lost a third of their populations since the 1930s. Mitchell is a town of about 15,000 located in southeastern South Dakota, best known as the home of the world's only Corn Palace and also the childhood home of 1972 Democratic Presidential Candidate George McGovern.

Mitchell's transformation began in the late 1980s. The local community college, Mitchell Technology Institute (MTI), developed a technology center, which soon became a co-location facility for communications providers. MTI then obtained a federal grant to upgrade the center to a Network Operations Center which met industry and governmental security standards, which in turn began to host more and more networks to the internet. This evidence of demand led a local carrier to establish a fiber network directly to MTI.¹⁸

Access to high-speed telecommunications generated a new tech-based economy which supplemented the town's traditional agricultural economy. The school system has implemented a 1:1 laptop and tablet program for middle and

high school students, MTI invested \$40 million in a new technology-based campus and another small local university created centers of entrepreneurship and health sciences. Two major health systems have established facilities in Mitchell, a local angel investor network has formed, and engineering, communications consulting and software companies have helped the town become a regional technology hub.¹⁹,²⁰ Combining the town's historical, agricultural, and more recent technology-based focuses, MTI has established a precision agriculture technology curriculum.²¹ In 2015, the Intelligent Communities Network, a New York City think tank, named Mitchell one of the world's top seven "Smart Cities".²²

Chattanooga, Tennessee. Chattanooga used ultrahigh-speed internet to transform its image from a mid-size southern city with no significant technology industry to an entrepreneurial hot spot. The city's municipal power board, supported by a \$111 million grant from the U.S. Department of Energy, set up an internet service capable of speeds up to 1 gigabyte per second – the world's fastest publicly available internet service in 2009. While the new infrastructure was important, what was perhaps just as important, according to the city's mayor Andy Berke, was the way the new service transformed the city's image of itself to a community at the front of the technology curve. Responding to that spirit, new incubators soon opened in the city, together with a diverse range of new technology companies. By 2015, the faster internet service, along with the entrepreneurial ecosystem around it, was credited with generating over \$800 million in new revenue in the city, together with 2,800 new jobs, and the third-highest wage growth in the nation of any mid-sized city.²³ In 2015, the city established a new "Innovation District," perhaps the first U.S. mid-sized city to do so. The District, which contains business incubators and accelerators, has a walkable environment that nurtures a "collide and collaborate" environment where entrepreneurs, technology innovators, students, and other creative individuals are able to meet and develop new ideas.²⁴

Case Study #2: Creating an Entrepreneurial Ecosystem

Entrepreneurs everywhere can expect to confront skeptics who cast doubt or even belittle the entrepreneur's dream. Such discouragement, though, can be particularly powerful in rural settings. Prospective entrepreneurs in rural communities often lack positive local examples of successful entrepreneurs, and there is little they can look to in order to push back against the negative feedback they receive when they share their dreams. Far too often, this leads to them either abandoning their dreams or moving away to towns where they believe more opportunity exists.²⁵ Therefore, one objective of a rural entrepreneurship program is establishing an environment where residents can see other people with similar backgrounds, education, and resources becoming entrepreneurs.²⁶ Two examples, Network Kansas and Fablab, offer models for creating an entrepreneurial mindset which, with appropriate public support, could be replicated on a large scale.

Network Kansas. "Network Kansas" began with state funding but is now mostly self-sustaining. Network Kansas focuses on creating incentives within communities for entrepreneurship while also creating opportunities for entrepreneurs throughout the state to exchange resources. Network Kansas is not a government-run program. Rather, it is a 501(c)(3) non-profit that leverages the state's Entrepreneurship Tax Credit, operated by former entrepreneurs.

Network Kansas, among its various activities, operates an "e-communities" program which began in 2007 with six communities and has now expanded to approximately 60. The program relies on local leaders in each community to make loans available to new businesses and as an incentive, is able to provide financing to support these loan programs.

A community-based local review team reviews project loan applications submitted by local entrepreneurs seeking to start, expand, or purchase a business. The program, which

matches public financing and bank loans, can provide up to \$45,000 for each project.²⁷

Importantly, the program combines financial incentives with local responsibility to encourage local initiatives. The availability of revolving loan funds creates a powerful incentive for local community leaders to form project review teams and submit proposals. The prospect of funding encourages existing and prospective entrepreneurs. Additionally, the reliance on local review of proposals provides community accountability and encourages participation by members of a community who are committed to its revitalization. It also allows community members to evaluate what makes the most sense for their own community, rather than having the decision made by individuals outside of the community.

Network Kansas also offers several other services of value for actual and prospective entrepreneurs. For example, it includes a “Connections” website which is a one-stop site of potential nonprofit resources available to entrepreneurs in the state.²⁸ Additionally, Network Kansas operates a “One Million Cups” program in several communities around the state. The “One Million Cups” program was developed by the Ewing Marion Kauffman Foundation in Kansas City, Missouri, and was based on the idea that entrepreneurs could develop ideas by engaging with other entrepreneurs, and with their communities “over a million cups of coffee.”²⁹ At the Network Kansas One Million Cups meetings, entrepreneurs have an opportunity to present their startups to other entrepreneurs (with coffee “highly encouraged”).³⁰, ³¹ The Wichita program advertises that the last question at each meeting is always “What can we as a community do to support you as a startup?”³²

FabLab. “FabLab” is an MIT-initiated worldwide program which is not limited to rural communities, but might be particularly impactful in rural regions. The FabLab program seeks to provide people around the world with access to tools and knowledge to innovate and invent using technology, and

digital fabrication to make new things. The goals include “democratizing access to the tools for technical invention” ³³ and providing opportunities for people around the world to improve their lives and livelihoods. FabLab’s Network consists of approximately 1,000 FabLabs located in over 75 countries.

A particularly active Fablab program exists on the campus of Independence Community College (ICC), in Independence, a town of approximately 9,000 people in southeastern Kansas whose population has slowly declined in nearly every decade since around 1930. The college has established a “Fablab” with a focus on advanced manufacturing and digital fabrication (including 3D printing), where persons with ideas can explore and “tinker” with their ideas on a no-risk basis. They can refine and improve their creations and then use these creations as the basis for launching new businesses. The Fablab facility recently expanded to 6,400 square feet in Fall 2018. ³⁴

The ICC program also offers training for entrepreneurship based on an innovative “ice house entrepreneurship” model which is different from many traditional entrepreneurship programs. While many entrepreneurship programs focus on writing business plans and preparing entrepreneurs to “pitch” to prospective investors, the ice house entrepreneurship model is geared to the large number of entrepreneurs who are unlikely to receive meaningful investment from sources other than friends and family, and does not require entrepreneurs to attempt to project in detail a new business’s growth several years into the future. The program’s philosophy is built around training individuals to develop an “entrepreneurial mindset”, an approach that trains individuals to identify opportunities in practically any environment and is as applicable in a small rural community as in Silicon Valley. A premise of the program is that “ice house entrepreneurs” exist in any community. ³⁵ The ice house entrepreneurship program was developed with support from the Ewing Kauffman Foundation in Kansas City, which

supports projects that encourage entrepreneurship, as well as the Entrepreneurial Learning Initiative based in Ohio.

Underutilized Resources for Rural Entrepreneurship

Several resources already exist for promoting rural entrepreneurship. Some are well-known. The federal Small Business Administration (SBA) has Small Business Development Center offices across the country, which offer mentorship and other training opportunities for small business. USDA's Cooperative Extension Service (CES) played a central role in increasing U.S. agricultural productivity in the 20th Century, making agricultural research findings accessible to farmers. CES once maintained offices in each U.S. county and still maintains nearly 3,000 offices across the country. Both USDA and SBA maintain loan programs (which partially guarantee private loans) which are accessible to small businesses in rural communities.

Other resources also exist which are much less known and used. This section focuses on a few underutilized programs and resources which are potentially available to rural entrepreneurs. The resources described below could, if utilized more widely, offer possible "multiplier" benefits, such as the ability to attract and mobilize private investment far beyond the size of the programs themselves.

Rural Business Investment Companies

USDA's Rural Business Investment Program is an underutilized program for making investments available to rural ventures. This program permits USDA to license "Rural Business Investment Companies" (RBICs).

RBIC's, which do not receive public funding, have some similarity to traditional venture capital funds. They are run as investment funds, with some funds investing in early-stage investments, while others focus on expansion or growth

capital. They are also sometimes owned by private equity firms that manage separate non-RBIC funds.

However, RBIC's are subject to requirements aimed at assuring a focus on rural areas. At least 75% of RBIC investment funds must be made in rural areas with a population of 50,000 or less, and no more than 10% may be made in urban areas. At least 50% percent of funds must be invested in smaller enterprises.³⁶ Another difference between some RBIC's and venture firms is that RBICs are often "double bottom-line" companies – they often look for investments that will benefit rural communities, along with good returns on investment.

The main attraction of RBICs for funders is that they provide a vehicle for banks in the Farm Credit System to make equity investments. The Farm Credit System consists of approximately \$200 billion in funding, controlled by 83 separate financial institutions. Banks in the Farm Credit System are restricted in how they can utilize their funds, and direct investments in private companies are tightly regulated. Their primary mechanism for making equity investments is through the RBIC program. As a result, a large portion of the current RBIC funds has come from Farm Credit banks. The RBIC program gives the banks an opportunity to obtain higher returns – perhaps a 12-15% return on investment – than they could obtain from traditional loans.³⁷

There are currently approximately five licensed RBICs, and their combined available funding is probably under \$200 million. Their investment has been diverse and has included seed companies and AgTech companies among other types of ventures.

There is probably room to substantially expand the RBIC program. RBIC investment is regarded as "community development" for purposes of the Community Reinvestment Act (CRA).³⁸ However, the program, including its qualification under the CRA, remains relatively little known. Increasing investment from financial institutions and investors outside the Farm Credit system could increase the

total available investment capital, and some existing RBICs are exploring that possibility. It would be worthwhile and advisable to reevaluate the existing RBIC requirements and regulations and explore with various stakeholders whether any revisions could attract greater and more diverse capital to the program.

Packaging and Monetizing Rural Loans

USDA currently operates a number of rural loan programs, such as the Rural Water Loan and Waste Disposal Grant and Loan Program.³⁹ Rural communities with populations of less than 10,000, together with tribal lands in rural areas, are eligible for low-cost loans for drinking water and waste disposal projects with a 40-year repayment period.

It may be possible to leverage private sector resources to expand the size of this program as well as the range of fundable rural projects, by marketing these loans to private investors. However, the size of individual loans under this program is too small to interest major private investors.

If it were possible to package these loans in a manner similar to Fannie Mae, then these loan packages might become a more attractive opportunity for private investors. If USDA (or another entity created for this purpose) were able to sell such loan packages, then this might free and increase the amount of capital available to fund new rural infrastructure projects.⁴⁰

Utilizing Land-Grant Colleges as an Entrepreneurship Center

Land-grant universities are a valuable resource which could be more systematically utilized to launch and attract new technology-based businesses in rural communities. The Morrill Acts of 1862 and 1890 established land-grant universities, granting federal land to the states to establish educational institutions which would teach such topics as agriculture, science, and engineering. Many land-grant universities became today's major public universities.

Land-grant universities are important research centers. They typically have technology transfer offices, which license university-created technology to private companies and sometimes spin off new companies based on university technology. As an added attraction for prospective entrepreneurs and technology businesses, Midwestern land-grant university towns consistently rank among the best places to live in America – four of them made the top 25 best places to live in America in a recent survey! ⁴¹

Kansas State University (KSU), located in Manhattan, Kansas, has an innovative technology transfer arrangement with its surrounding communities. KSU has established the “Knowledge-Based Economic Development, LLC” (KBED), which is a partnership between KSU and other entities in the Manhattan area, to support local growth in knowledge-based companies. KSU provides access to its research and facilities, and the partnership helps to provide business services and capital. KBED focuses on six industries that complement the university’s academic strength, four of which involve food and agriculture, while the remaining two are mechanical and nuclear engineering and nanosciences. KBED also works to recruit companies to the Manhattan area and expand their ties with KSU. A pair of animal health companies recently located to the Manhattan area through KBED’s efforts. ⁴²

Other Midwestern land grant universities also have entrepreneurial or rural development programs. For example, Iowa State has an agricultural entrepreneurship program. ⁴³ The University of Nebraska has established a Rural Futures Institute whose mission to help build “a thriving high-touch high-tech rural future,” including promoting entrepreneurship. ⁴⁴ Despite these and other programs, the vast technological, educational and business resources of these institutions could almost certainly play a more active role in helping to establish innovative new entrepreneurial ventures.

Industry Opportunities

Rural areas have inherent advantages in some emerging industries because they offer lower costs or access to relevant raw materials. One component of a rural development strategy could be focusing on expanding industries where rural America has unique competitive advantages. Below are examples of a few such industries.

AgTech

“AgTech” has surged in recent years, particularly following Monsanto’s 2013 \$1 billion acquisition of The Climate Corporation, a company whose software allowed farmers to evaluate weather, soil, and crop data to identify possible yield-limiting conditions. Venture investments in AgTech quickly increased from approximately \$309 million in 2013 to \$1.4 billion in 2015.⁴⁵

AgTech includes a range of technologies, including “precision agriculture,” seed technologies, crop protection, farm equipment, sensors, and ag-related marketing and financial services. AgTech, notably including precision agriculture and agricultural software, represents an important target of opportunity for rural America. Precision agriculture utilizes software and other information technology (IT) products and services to monitor the condition of soil and crops on a real-time basis, allowing farmers to provide inputs such as irrigation, pesticides, or fertilizers where and when needed. As such, it increases efficiency by allowing farmers to apply inputs where they can have the most impact while avoiding wasteful and unnecessary expenses. Precision agriculture has become an important part of U.S. agriculture, even though the lack of access to broadband has limited its use in some areas.

Nonetheless, while rural America participates in a significant way in precision agriculture as consumers, a relatively small proportion of precision agriculture business ventures have come from the Midwest. The majority are based in California or other traditional IT hot spots. Only about 10% of recent U.S. venture funding has involved companies in the Midwest (with the West Coast representing over 50% of such

funding).⁴⁶ Fewer than 20% of the companies on the *Forbes* 2018 list of the 25 most innovative AgTech2018 companies were headquartered in the Midwest.⁴⁷

There are, though, significant opportunities for rural America. Farmers regularly comment that a lot of agricultural software is not practical for their purposes. They could undoubtedly benefit from software solutions developed by people with a better understanding of the needs of farmers and others involved in the agricultural supply chain. Opportunities likely exist for collaborations between agricultural software coders on the coasts and people in rural communities who are familiar with agricultural production, logistics, and processing.

“Farmshoring”

Outsourcing is a common practice in the IT industry. IT outsourcing often involves having certain functions, such as tech support and some IT coding, performed in lower-cost locations, such as India and the Philippines.

“Rural outsourcing” (sometimes referred to as “farmshoring”) is similar to overseas outsourcing—except that IT functions are outsourced to lower-cost rural areas in the United States rather than to foreign countries. U.S. rural communities offer several advantages for U.S. companies looking to outsource compared to less-developed overseas competitors: similar time zones, a common culture and idiom, and much greater ease of travel for in-person interactions. Rural outsourcing reduces the need to comply with requirements of multiple legal systems and may offer major data privacy advantages compared with international off-shoring. Additionally, owners of rural outsourcing companies claim that they are able to compete even on cost with their competitors from developing nations.

An owner of one rural-sourcing company stated that a single rural-sourcing facility can bring approximately 200 IT jobs to a rural community, many held by people with less than a college education who were formerly underemployed.⁴⁸ That

company uses a “bootcamp” to train employees in IT skills. The company has also attracted highly-trained IT professionals, who are looking for the lower costs and absence of congestion that rural communities can offer.

A handful of companies have emerged as leaders in this industry. Among them are On-Shore Outsourcing, Inc., based in Macon, Missouri, and Rural Sourcing, Inc. which is based in Atlanta but has facilities in such towns as Augusta, Georgia and Mobile, Alabama. Though located primarily in small-to-mid-size communities, their clients include some of the largest companies in the U.S.

Rural outsourcing may have only scratched the surface of what the industry could possibly achieve. Realizing its potential, though, will require both infrastructure and planning. Access to broadband internet is an obvious prerequisite for rural sourcing. Additionally, workforce training focused on the needs of the IT industry would make a community a more desirable location for a rural sourcing facility – obtaining a skilled IT workforce is one challenge of rural sourcing. Any such workforce training should be conducted in careful coordination with rural sourcing and other IT companies so that the training addresses real industry needs.

The fact that rural outsourcing companies have been able to attract major U.S. corporations as clients is evidence of its potential. Given their cultural, linguistic, and geographical advantages, there is no reason why rural U.S. communities cannot be much more active competitors in IT outsourcing with appropriate policy, training, and infrastructure support.

Niche Food Products

Exports are a critical part of American agriculture, representing 19% of U.S. farm and ranch income in 2015.⁴⁹ The U.S. Grains Council performed a futuristic study in 2011 entitled *Food 2040: The Future of Food and Agriculture in East Asia*, regarding long-term agricultural export opportunities for U.S. agriculture in East Asia.⁵⁰ Among their conclusions

was that niche markets, containing high quality branded or preprocessed foods, would come to represent a greater share of the market in Japan, China, and emerging markets.

Demand would also grow for value-added foods and ingredients. Providing food traceability and origin sourcing information would grow in importance and help branded product producers differentiate their products.

Growing demand for higher-value specialty and preprocessed products could create major new opportunities for innovative American producers and processors. In addition to providing higher margins per unit, specialty products are more difficult to replace than commodities and are much less susceptible to trade or political disputes.

Bioeconomy

The “bioeconomy,” if its potential were realized, could have a transformational impact on rural America. Approximately a decade ago, the prospect of a “biobased economy”, in which agriculturally-derived materials would be a primary source of energy, industrial chemicals, and other industrial raw materials, was envisioned as an opportunity for a rural renaissance. The National Research Council predicted in 2000 that biobased materials could account for 25% of all industrial raw materials by 2025.⁵¹ Large-scale “biorefineries” were contemplated, which would process huge volumes of agricultural residues such as corn stover, wheat straw, and fast-growing grasses like switchgrass into ethanol plus a combination of industrial products. Rural America, as the largest source of renewable plant-based material, or “biomass”, would power the bioeconomy, and was poised to be a great winner.

In the first decade of the 2000s, expanding domestic production of new biofuels to replace imported petroleum was seen as a matter of national security. Congress enacted the Energy Independence and Security Act of 2007 (EISA) which required production of 16 billion gallons of “cellulosic ethanol”, a new second-generation or “advanced” biofuel which could be produced from agricultural residues rather

than the food-producing parts of crops, by 2022. At least a half-dozen biofuels companies had IPO's in 2010 and 2011.⁵² The Obama Administration released a "National Bioeconomy Blueprint" in 2012. DuPont opened a \$225 million cellulosic ethanol "biorefinery" in central Iowa in 2015, which it envisioned as the first of several such facilities.⁵³

This burst of activity proved short-lived. Rapidly expanded production of natural gas changed the energy market. The technological, financial, and logistical challenges involved in collecting and transporting large volumes of agricultural residues to processing facilities and then converting it into ethanol turned out to be more complicated than predicted. Many early cellulosic bioenergy start-ups failed, while others switched to products such as dietary supplements or specialty chemicals with the potential to offer higher profit margins although much lower volumes. A pioneering farmer cooperative in Missouri that formed to market biomass pellets shut down and sold its mill. DuPont abruptly closed its facility in late 2017. Venture capital investment in cellulosic ethanol nearly ceased.⁵⁴ As we approach the third decade of the 2000s, it seems apparent that the ambitious targets envisioned two decades ago for the biobased economy will not be achieved on schedule.

There have, nonetheless, been meaningful successes. Production of renewable diesel fuel, produced using wastes from soy and livestock production, has grown rapidly in recent years. Renewable diesel is chemically identical to traditional fossil fuel-derived diesel and can utilize the same infrastructure and be used in diesel vehicles without blending limits. The first new U.S. petroleum refinery to be built in 30 years, in Dickinson, North Dakota, recently announced plans to convert the refinery to produce 100% renewable diesel fuel from soy oil and other organically derived feedstocks by December 2020.⁵⁵, ⁵⁶ (Note: "renewable diesel" is a different product from "biodiesel", which can only be blended in limited proportions with traditional diesel).⁵⁷ In April 2019, a subsidiary of Valero Energy and a partner announced a \$1.1 billion investment to expand a renewable

diesel plant in Louisiana – a project anticipated to bring 50 new direct jobs with an average salary of \$130,000. ⁵⁸

Some biobased industrial chemical products have become commercial. Biodegradable plastics, made from renewable biobased materials, were a \$21 billion market in 2017, with predictions that this market could triple by 2024 (although much of this growth is predicted to occur outside the U.S.). ⁵⁹ A second generation corn-based ethanol is now being produced which not only utilizes the starch from corn kernels (as traditional corn ethanol did) but also uses fibrous materials from the kernel (allowing greater ethanol production from corn). Biomass gasification to produce hydrogen fuel is a mature technology that might become commercially feasible if feedstock and capital equipment costs are reduced. ⁶⁰

Major, largely unrealized, opportunities for the bioeconomy remain. It is theoretically possible to produce many new industrial chemicals now derived from petroleum, including adhesives, sealants, paints, coatings, lubricants and cleaning agents, from agricultural residues. Approximately 7% of petroleum is currently used in the U.S. to produce industrial chemicals, ⁶¹ and nearly 90% of all commodity chemicals currently used are derived from petroleum. ⁶² In 2016, the U.S. Department of Energy prepared its third edition of the “Billion-Ton Report”, which evaluated total U.S. biomass resources which could be available for energy and industrial uses. ⁶³

The bioeconomy could have an especially powerful impact on rural America if rural communities could participate as owners and investors in new biomass-based projects rather than simply as suppliers of raw materials. The President of the North Dakota Farmers Union recently commented, in discussing a possible new cellulosic ethanol facility in North Dakota, that area farmers might be able to double their revenue if they were able to form a farmer-owned cooperative to handle biomass collection and transportation logistics in conjunction with the facility. ⁶⁴

Policy Recommendations

With the vast majority of the nation's land area and a disproportionately large representation in the Senate, the future of rural America is inseparably linked with the future of the United States. With vision, initiative, and effective policy support, rural America can thrive. Indeed, numerous examples exist where creative rural communities have established entrepreneurial centers in regions where other communities are declining. It is important to learn from these successes, as well as what has not worked. Several guidelines emerge from the examples provided above.

First, *broadband internet* is essential – without it, meaningful entrepreneurship will not happen. It is important to remember, though, that while private initiative and local champions are essential, public support and funding have also typically played a critical role in making private successes possible.

Second, *connections* – in many different respects – are critical in fostering rural entrepreneurship. Rural residents need to see examples of people like themselves starting businesses, to understand what they too are capable of. Additionally, rural entrepreneurs need connections to available resources, to other entrepreneurs, to customers, and to information, in order to be successful. Facilitating connections between AgTech coders in IT hubs and farmers in the Midwest can benefit both groups and likely result in improved AgTech apps. Public policy can play a major role. One of the most successful examples of a connections program, Network Kansas, though substantially self-funded, could not have happened without initial and continuing public support, including seed funding and supportive legislation. The federal government can play a much larger role than any state government in facilitating these and other kinds of connections in making sure they reach rural communities.

Third, *local involvement and local champions*. Local residents and community leaders generally have the best ideas of what

will work in their communities. As noted, successful broadband internet projects generally involve a local champion. Network Kansas relies on local communities and their leaders to submit proposals and select projects which will receive loan funding. In addition to providing local insights, including local leaders creates an emotional investment in the success of rural development projects.

Fourth, *create opportunities to experiment and “de-risk”*. The FabLab program at the community college in Independence, Kansas is an example of creating a welcoming environment that encourages tinkering and experimentation at little or no risk to participants, while also making entrepreneurship training available to them. It would be worthwhile to encourage and assist other rural communities in providing similar opportunities for their residents.

Fifth, *invest in basic research*. Public investment in pre-commercial research is often necessary in science-based industries, in order to sufficiently advance scientific knowledge to the point where private investment becomes viable. As the 2012 White House Bioeconomy Blueprint explained, “Although many studies show that research provides a healthy return on investment, a major justification for government investments in science and technology is to overcome market failures; these occur when private investors invest less in technology than the socially optimal level because they cannot reap the full benefits of their investment. In this context, scientific discovery is a public good that benefits all.”⁶⁵

Appropriately targeted investment in basic research could unlock many of the technical and logistical issues that constrained the growth of the rural bioeconomy. Among the areas where federal investment in basic research might have the greatest impact are (i) improving the logistics of harvesting and transporting large volumes of biomass to places where it can be processed; (ii) developing efficient “preprocessing” technologies which allow biomass to be partially processed on or near the farm in order to make it

easier and less expensive to transport; and (iii) improving conversion technologies which allow biomass to be converted into industrially useful sugars. Improved efficiencies in these areas could significantly “de-risk” investment for private investment and also make it possible for farmers and other members of rural communities to become investors in new biomass ventures. Achieving the full potential of the bioeconomy to transform rural America will require that rural communities participate in new ventures not only as suppliers of biomass raw material but also as entrepreneurs and owners.

Sixth, make use of rural competitive advantages. It makes sense for rural economic developers to identify industries where rural communities have a competitive advantage. Among these are industries which relate to agriculture or utilize agricultural raw materials, industries where large areas of open space are required, and industries which can take advantage of lower costs in rural areas.

Seventh, create appropriate incentives. Properly created incentives can help spur investment and rural entrepreneurship. The availability of business loans in the Network Kansas program has been instrumental in encouraging communities to participate in the program. Minnesota’s rural broadband program has relied on state 1:1 matching grants to encourage the private sector and municipalities to invest in local broadband.

Creating market-based incentives for reducing greenhouse gases could also spur investment in biomass-based industries. Biomass-based products offer major environmental benefits compared with their petroleum-based counterparts. Cellulosic ethanol can reduce greenhouse gas emissions compared to fossil fuels by up to 108%, - in other words, an overall net negative greenhouse gas production – using a fuel life cycle analysis! (The negative value is possible, because the growing plants absorb carbon dioxide from the atmosphere). The U.S., however, currently offers minimal market rewards for energy producers who

reduce greenhouse gas emissions and virtually none to biobased chemical manufacturers—essentially an enormous subsidy to fossil fuel producers who are able to pass on society at large the cost of their greenhouse gas emissions rather than absorbing it themselves.

California, in contrast, has become a renewable energy leader in part by creating aggressive regulatory and market incentives to replace fossil fuels with renewable alternatives such as a Low-Carbon Fuel Standard (LCFS), together with a carbon “cap-and-trade” system. There are currently over 30 operating biomass power plants in California— half of the nation’s biomass industry (although there were more than twice that number before a state price support expired). Additionally, California has become the primary U.S. market for renewable diesel, where LCFS incentives have made it cost-competitive with petroleum diesel fuel. An international energy company recently announced that it will convert a refinery in California into a facility capable of producing over 300 million gallons of renewable diesel annually, while its CEO stated, “This facility is a direct and tangible result of environmental policies passed by the California State Legislature.”

Several options for creating market incentives for carbon reduction exist, among these a “carbon tax,” which would tax greenhouse gas emissions on fuels and other products in order to make the actual price paid by consumers reflect the full costs paid by society and various cap-and-trade systems which allow producers of lower-emissions products to obtain tradable credits they can sell to other producers or on public markets. Any such system should focus not only on energy products but also on biobased chemicals, which provide environmental benefits comparable to advanced biofuels but currently receive virtually no market rewards for doing so. Regardless of the approach used, any system which creates an appropriate market reward for the greenhouse gas reductions generated by biofuels and biobased chemicals is likely to increase interest and investment in rural biobased ventures.

This paper is not an exhaustive list of strategies for expanding rural entrepreneurship, but that is not its purpose. Rather, its key point is that the current decline in many rural areas is not any more inevitable than the predicted urban decline of several decades ago. Proactive rural communities have demonstrated that they can create an environment that fosters innovation and encourages entrepreneurs. Many of their successful strategies seem replicable and scalable.

New technologies are creating opportunities in rural areas that never previously existed. With effective policies, efforts, and a willingness to learn from successes and failures, it is possible to realize these opportunities, and envision a thriving, revitalized rural America.

Bio

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Rural Business Investment Program

What does this program do?

This program promotes economic development and creates wealth and job opportunities among individuals living in rural areas and helps to meet the equity capital investment needs primarily of smaller enterprises located in such areas. USDA licenses newly formed for-profit entities as Rural Business Investment Companies (RBIC). RBICs then use the equity raised in capitalizing their funds to make venture capital investments mostly in smaller enterprises located primarily in rural areas.

Who may apply for this program?

An applicant is eligible to apply for an RBIC license if the applicant:

- Is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity. Applicants may structure themselves as limited partnerships, limited liability companies, or corporations;
- Has a qualified private fund management team with experience in community development financing or relevant venture capital financing;
- Will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller enterprises.

How can funds be invested?

- At least 75 percent of RBIC investments (measured both by dollars invested and number) must be made in rural areas (i.e., outside a standard metropolitan statistical area or within a community with a population of 50,000 or less).
- Up to 10 percent of RBIC investments (measured both by number and dollars invested) may be in urban areas (defined by the Census as having a population of 150,000 or more.)
- To assist in making the program rural area determinations, USDA will make available a mapping tool to assist in the identification of qualified areas and location of investments.

- In determining whether a business qualifies as a "rural business concern" eligible for an RBIC investment, an RBIC will look to whether the business "primarily operates in a rural area" (i.e., whether the location with the business' greatest number of employees in is a rural area).
- More than 50 percent of RBIC investments (measured both by number and dollars invested) must be in "smaller enterprises" with a maximum net worth of \$6 million and net income of \$2 million in the prior two years.
- The balance of RBIC investments can be made in small businesses, which are roughly three times the size of smaller enterprises.

Application Process

- USDA's Rural Development [website](#) will be the primary source of information on the RBIC program, including RBIP application forms, information regarding the RBIC application process, and a mapping tool to determine eligible areas.
- USDA will focus on whether prospective management teams have demonstrated a history of positive realized track records of superior returns to their investors and strong experience in managing private equity funds in order to help protect taxpayers against poor fund performance and to demonstrate effective program results.
- The applicant will present its business plan, including specific information on how it will find and make investments, add value as an active investor, and successfully exit its investments.
- The applicant will also submit detailed information concerning its community or economic development experience, including how it will work with community-based organizations. USDA will evaluate such experience in the context of how that experience may augment (but not substitute for) a management team's private equity track record and fund management experience.
- The applicant's management teams may be invited to interview with USDA.
- Final selection will be made by the USDA. Those selected will receive a license to operate as an RBIC upon completion of all fund legal documentation and private capital-raising.

How do we get started?

Applications for this program are accepted on an annual basis. A Notice of Solicitations of Applications (NOSA) is posted in the [Federal Register](#).

Who can answer questions?

David Chesnick in our National Program Office can assist with planning, application, and servicing. He can be reached at (202) 690-0433 or David.Chesnick@wdc.usda.gov.

What governs this program?

- Code of Federal Regulation [7 CFR Part 4290](#)
- This program is authorized by the Food, Conservation and Energy Act of 2008 (2008 Farm Bill).

Why does USDA Rural Development do this?

Access to capital is vital to businesses and often scarce in rural areas.

NOTE: Because citations and other information may be subject to change, please always consult the program instructions listed in the section above titled "[What Governs This Program?](#)" You may also contact [your local office](#) for assistance. You will find additional forms, resources, and program information at rd.usda.gov. *USDA is an equal opportunity provider, employer, and lender.*



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January 18, 2022

City of Caribou
25 High Street
Caribou, ME 04736

Attn: Penny Thompson
City Manager

RE: Use Permit Application - WW Wood Properties, LLC
Map 38; Lot 14-A

Dear City Manager Thompson:

I am writing in response to your email inquiry regarding the pending Use Permit Application for a "Medical Marijuana Dispensary - Caregiver Center" at the former Pizza Hut building on Bennett Drive.

The laws pertaining to marijuana in Maine are set forth in the Maine Medical Use of Marijuana Act, Title 22 MRS §2422 and the Marijuana Legalization Act, Title 28-B MRS §101.

Under both the Maine Medical Use of Marijuana Act and the Marijuana Legalization Act, no caregiver retail store, registered dispensary, Marijuana testing facility, cultivation facility, Marijuana establishment, Marijuana store or Products manufacturing facility may be operated in a municipality unless and until the legislative body of the municipality has voted to allow such proposed use.

In Caribou, the only Marijuana-type facility that has been approved is a "Registered Nonprofit Dispensary and Registered Cultivation Facility for Medical Marijuana." A "Non-Profit Dispensary" is defined as a not-for-profit entity. The legal requirements for this approved use are set forth in the Caribou Zoning Code.

There is no legal definition of a "Caregiver Center" under Maine law. Accordingly, that aspect of the application is improper.

Penny Thompson
Page -2-
January 18, 2022

I cannot render an opinion regarding the Application at this time as it is not clear whether the proposed use qualifies as a "Non-Profit Dispensary" under the Caribou Code. The Planning Board can proceed with site design review in the ordinary course. Once more information has been obtained, I will be able to assist the Planning Board in making that determination.

Although there are new Marijuana laws, nothing has changed. No Marijuana operation can take place in a municipality unless the legislative body has approved the use by ordinance or land use code, etc.

I've copied Ken Murchison on this letter for his use.

Sincerely,

/s/ Richard D. Solman

RICHARD D. SOLMAN

RDS/lmb

cc. Ken Murchison, CEO 

P.S. I suggest the City develop a specific application for Non-Profit Dispensaries which requires the applicant to provide details about the proposed use. I'm sure other communities have a template available.

3. Wells shall not be constructed within 100 feet of the traveled way of any road. If located downhill from the road, or within 50 feet of the traveled way of any road, or if located uphill of the road, this restriction shall be included as a note on the final recording Plan and deed restriction to the effected lots.
4. Individual wells shall be sited and constructed to prevent infiltration of surface water, and contamination from subsurface wastewater disposal systems and other sources of potential contamination.
5. Lot design shall permit placement of wells, subsurface wastewater disposal areas, and reserve sites for subsurface water disposal areas in compliance with the *Maine Subsurface Wastewater Disposal Rules*.

38. Establishments dealing in the consignment or resale of used personal property.

The City of Caribou, Maine elects to adopt and enforce the requirements of Maine Revised Statute Annotated, Title 30-A, §3971, Records of sales of used merchandise.

The City of Caribou requires by this ordinance that every establishment within the City of Caribou, dealing in the consignment for sale, resale or trade of any and all personal property, provide and deliver to the Caribou Chief of Police a monthly inventory report of all items taken into that establishment's inventory. The monthly report is to be delivered to the Chief of Police by the 15th of each month showing the previous calendar months inventory of new transactions.

This ordinance pertains to every dealer in used personal property, including and not limited to pawn shops, used merchandise shops, consignment shops, internet sales shops and establishments similar in use.

39. Registered Nonprofit Dispensaries and Registered Cultivation Facilities for Medical Marijuana

A. Purpose and Authority

To regulate the location of Registered Medical Marijuana Dispensaries within the City of Caribou:

Pursuant to Title 22 MRSA Chapter 558 C and §2428 (10), Maine law provides for the siting of Medical Marijuana Dispensaries as permitted by the Department of Health and Human Services. The City of Caribou also reserves the right for additional siting and licensing requirements pursuant to municipal home rule authority, Title 30-A MRSA §3001.

Where as marijuana has been determined to have both legitimate medical uses as well as a history of widespread illegal use, this Ordinance shall serve to govern the siting and licensing requirements specific to the City of Caribou for the operation of a Registered Medical Marijuana Dispensary.

B. Regulations:

1. The establishment of a Registered Nonprofit Dispensary or Registered Cultivation Facility shall require review by the Caribou Planning Board as per Section 13-300 "Site Design Review" of the Caribou Code. Section 13-302 (B) shall require a mandatory public hearing as part of the Site Design Review. Siting requirements shall also apply to any and all ancillary structures, mobile units, or any future types of dispensary mechanisms as yet contemplated within this ordinance.
2. No Certificate of Occupancy shall be granted for a Registered Nonprofit Dispensary unless the structure providing the service is located in the H-1, C-1, C-2, I-1, I-2 or RC-2 Zones.
3. No Registered Nonprofit Dispensary shall be allowed in the R-1, R-2 or R-3 Residential Zones or within 300 feet of an existing residential dwelling or within 300 feet of the R-1, R-2 or R-3 Residential Zone Boundary Line.
4. No Certificate of Occupancy shall be granted for a Registered Nonprofit Dispensary if the premise concerned is located within the Drug Free Safe Zone, or 500 feet of a preexisting Private School, Day Care Facility, or House of Public Worship.
5. No Certificate of Occupancy shall be granted for a Registered Cultivation Facility unless the structure is located within a Registered Nonprofit Dispensary or is offsite from the Dispensary within the R-3 Zone and also meeting all setback requirements applicable to Registered Nonprofit Dispensaries.
6. No Certificate of Occupancy shall be granted for a Registered Nonprofit Dispensary unless the premise concerned is in complete compliance with all municipal, state and federal Codes and Regulations.

Security requirements for both the Registered Nonprofit Dispensary and associated Registered Cultivation Facilities shall include as a minimum:

- a. Lockable doors and windows to include intrusion alarms with audible and police notification components sending notification directly to or through a second party to the Caribou Police Department.

- b. Exterior security lighting comprised of spot lights with motion sensors covering the full perimeter of the facility.
 - c. Video surveillance capable of covering the entire perimeter of the facility, interior, and all plants cultivated within the facility. The video surveillance system shall be operated with continuous recording twenty-four hours per day seven days per week and such records of surveillance shall be retained for a minimum duration of 90 days
7. A Registered Nonprofit Dispensary and Registered Cultivation Facility may not continue to employ an employee who is convicted of any state or federal controlled substance law, or is under indictment or charged with any state or federal controlled substance law violation, while employed at the Registered Nonprofit Dispensary and or Registered Cultivation Facility. If a principal officer or board member is convicted of any state or federal controlled substance law while a principal officer or board member of a Registered Nonprofit Dispensary or Registered Cultivation Facility, that Registered Nonprofit Dispensary or Registered Cultivation Facility shall immediately be considered in violation of this Chapter.
 8. Medical Marijuana Disbursing Facilities must provide an adequate interior waiting area to ensure no exterior waiting of clients.
 9. Medical Marijuana Disbursing Facilities must provide adequate off street parking on site at 1 parking space per every 150 square feet of interior space. Each parking space shall be a minimum of 9 feet wide by 21 feet long.
 10. All signage shall meet the requirements of Section 13-700, #29, A through H and may not use any pictorial representations of any portion of a marijuana plant, products, by-products, or paraphernalia associated with the use or distribution of legalized medical marijuana or illegal use of marijuana.

40. Conditions of Keeping Livestock and Poultry

1. Any livestock shall be kept at least 100 feet from any property line except pigs and hogs which shall be kept at least 200 feet from any property line and shall be kept at least 100 feet from any residential dwelling or water well.
2. Any poultry shall be kept at least 50 feet from any property line.

41. Prohibiting Recreational Marijuana

Section 1. Authority. The ordinance is adopted pursuant to the Title 30-A M.R.S. §3001 and Title 7 M.R.S. c. 417.

Section 2. Purpose and Intent. The purpose of this ordinance is to impose a ban on the operation of Retail Marijuana Establishments and Retail Marijuana Social Clubs in the City of Caribou to protect the health, safety, and welfare of the people of Caribou as these activities constitute a nuisance.

Section 3. Prohibition. The operation of Retail Marijuana Establishments which includes Retail Marijuana Stores, Retail Marijuana Cultivation Facilities, Retail Marijuana Products Manufacturing Facilities, and Retail Marijuana Testing Facilities; and the operation of Retail Marijuana Social Clubs are prohibited within the City of Caribou, and therefore all activities related to the abovementioned retail uses such as, but not limited to, cultivation, possession, extraction, manufacturing, processing, storing, laboratory testing, labeling, transporting, delivering, dispensing, transferring, and distributing are expressly prohibited within the City of Caribou.

Section 4. Exemptions.

A. Personal Use of Marijuana. This ordinance shall not be construed to prohibit the Personal Use of Marijuana per Title 7 M.R.S. c. 417 section 2452.

B. Medical Use of Marijuana. This ordinance shall not be construed to limit any privileges or rights of a qualifying patient, primary caregiver, registered or otherwise, or registered dispensary under the Maine Medical Use of Marijuana Act and the City of the Caribou Code of Ordinances, c. 56 Unified Development Ordinance.

Section 5. Relationship with Other Ordinances. Whenever a provision of this ordinance is inconsistent with another provision of any other ordinance, regulation, or statute, the more restrictive provision shall control.

Section 6. Validity and Severability. Should any section or provision of this ordinance be declared by the courts to be invalid, such a decision shall not invalidate any other section or provision of this ordinance.

Section 7. Enforcement.

- i. Any duly designated Caribou Police Officer is authorized and shall have the authority to enforce all provisions of this ordinance.
- ii. The City Manager is authorized to order that legal action be taken to enforce the provisions of this Ordinance.

Section 8. Cease Operations Order. A Police Officer may issue a written cease operations order directing the occupancy, use and other activities prohibited under this ordinance to cease immediately, and that the premises be vacated. Upon notice of the cease operations order, all occupancy, use, or other activity subject to the cease operations order shall stop immediately and the premises shall be vacated and closed.

Section 9. Penalty. Any person violating the provisions of this ordinance may be liable for the penalties set forth below:

A. Civil Penalties.

- i. **First Violation.** The maximum penalty for undertaking an activity related to Retail Marijuana Establishments or Retail Marijuana Social Clubs is \$2,500.
 - ii. **Multiple.** The maximum penalty for undertaking an activity related to Retail Marijuana Establishments or Retail Marijuana Social Clubs is \$25,000 when it is shown that there has been a previous conviction of the same person within the past five (5) years for a violation of the ordinance.
 - iii. **Economic Benefit.** The maximum penalty may be increased if the economic benefit resulting from the violation exceeds the applicable penalties. The maximum civil penalty may not exceed an amount equal to twice the economic benefit resulting from the violation. Economic benefit includes, but is not limited to, the costs avoided or enhanced value accrued at the time of the violation as a result of the violator's noncompliance with the applicable legal requirements.
 - iv. **Setting of Penalty.** In setting a penalty, the following shall be considered:
 - a. Prior violations by the same party;
 - b. The impact caused and/or potential impact posed by the operation of the prohibited activity to the health, safety, and welfare of the people of Caribou.
 - c. The damage that cannot be abated or corrected; and
 - d. The extent to which the violation continued following an order to stop.
- B. Abatement and Mitigation.** The violator may be ordered to correct, abate or mitigate the violations.
- C. Damage Incurred.** Any person violating any of the provisions of this ordinance shall become liable to the City for any expense, loss, or damage incurred by the City by reason of such violation.
- D. Attorney Fees.** If Caribou is the prevailing party, the City must be awarded reasonable attorney fees, expert witness fees and costs.

Section 10. Definitions. The definitions below are per Title 7 M.R.S. c. 417, section 2442.

Marijuana: Means cannabis.

Extraction: The process of extracting marijuana with solvents or gases.

Person: A natural person, partnership, association, company, corporation, limited liability company or organization or a manager, agent, owner, director, servant, officer or employee thereof. "Person" does not include any governmental organization.

Retail Marijuana: Cannabis that is cultivated, manufactured, distributed or sold by a licensed retail marijuana establishment or retail marijuana social club.

Retail Marijuana Cultivation Facility: An entity licensed to cultivate, prepare and package retail marijuana and sell retail marijuana to retail marijuana establishments and retail marijuana social clubs.

Retail Marijuana Establishment: Retail marijuana store, a retail marijuana cultivation facility, a retail marijuana products manufacturing facility or a retail marijuana testing facility.

Retail Marijuana Product: Concentrated retail marijuana and retail marijuana products that are composed of retail marijuana and other ingredients are intended for use or consumption, including, but not limited to, edible products, ointments and tinctures.

Retail Marijuana Products Manufacturing Facility: An entity licensed to purchase retail marijuana; manufacture, prepare and package retail marijuana products; and sell retail marijuana and retail marijuana products only to other retail marijuana products manufacturing facilities, retail marijuana stores and retail marijuana social clubs.

Retail Marijuana Social Club: An entity licensed to sell retail marijuana and retail marijuana products to consumers for consumption on the licensed premises.

Retail Marijuana Store: An entity licensed to purchase retail marijuana from a retail marijuana cultivation facility and to purchase retail marijuana products from a retail marijuana products manufacturing facility and to sell retail marijuana and retail marijuana products to consumers.

Retail Marijuana Testing Facility: Any entity licensed and certified to analyze and certify the safety and potency of retail marijuana and retail marijuana products.

Historical Note: Section 13-700 §1(B, C, D & E) as amended March 26, 2007; Section 13-700 §38 was added February 11, 2008 (State Law Reference: MRSA 30-A, §3971); Section 13-700 §39 was added October 25, 2010; Section 13-700 §40 was added October 28, 2013; Section 13-700 §41 was added April 24, 2017.

Sec. 13-710 Access Management, Off-Street Parking, Loading, and Road Design and Construction Standards.

The following standards are applicable to all land use activity and development within the City.

1. Access Management.

A. General.

1. These standards shall apply to vehicular access into and out of a proposed development. In a residential subdivision these accesses may be roads within the subdivision or access to individual lots. In non-residential development the access may be a driveway into a parking lot or a road into the development. If the access to the residential subdivision and the non-residential development is a road, the Road Design and Construction Standards contained within this Ordinance shall be met. Where there is a conflict between standards, the stricter or more stringent shall apply.
2. Where a lot has frontage on two or more roads, the access to the lot shall be provided to the lot across the frontage and to the road where there is lesser potential for traffic congestion and for hazards to traffic and pedestrians.
3. Accessways to non-residential developments or to multi-family developments shall be designed to avoid queuing of entering vehicles on any road. Left lane storage capacity shall be provided to meet anticipated demand. A warrant analysis to determine the need for a left-turn storage lane or traffic control device shall be done, if necessary.

- B. Sight Distances.** Access should be designed in profile and grading and located to provide the required sight distance measured in each direction. Sight distances should be measured from the driver's seat of a vehicle standing on that portion of the exit driveway with the front of the vehicle a minimum of 10 feet behind the curb line or edge of shoulder, with the height of the eye 3.5 feet, to the top of an object 4.5 feet above the pavement. The required sight distances are listed below for various designed speed limits. Where necessary, corner lots shall be cleared of all growth and sight obstructions, including ground excavation, to achieve the required visibility.

Sight Distances*

Design Speed (MPH)	Minimum** (feet)	Desired*** (feet)
25	175	250
30	210	300
35	245	350
40	280	400
45	315	450

* Required exiting sight distance for a standard passenger vehicle to safely enter onto a 2-lane roadway from a complete stop, allowing approaching vehicles to adjust speed to avoid a collision.

Caribou Land Use Table

Zoning District

Principal Land Use Activity	R-1	R-2	RC-2	R-3	C-1	C-2	I-1	I-2	H-1
Golf Course	NO	NO	PB	PB	NO	NO	NO	NO	NO
Government Facility	NO	PB	PB	PB	PB	PB	PB	PB	PB
Helipad or Heliport	NO	NO	PB	PB	NO	NO	PB	PB	PB
Home Occupations	CEO/YES	CEO/YES	CEO/YES	CEO/YES	CEO/YES	CEO/YES	NO	NO	NO
Hospital or Clinic	NO	NO	PB	PB	PB	CEO/YES	CEO/YES	CEO/YES	CEO/YES
Hotel, Motel or Inn	NO	NO	CEO/YES	PB	PB	CEO/YES	NO	NO	PB
Junkyard	NO	NO	NO	PB	NO	NO	PB	PB	NO
Animal Shelter	NO	NO	PB	PB	NO	PB	PB	PB	NO
Boarding Kennel	NO	NO	PB	PB	NO	PB	PB	PB	NO
Breeding Kennel	NO	NO	PB	PB	NO	NO	PB	PB	NO
Rescue Group	NO	NO	PB	PB	NO	PB	PB	PB	NO
Laundry or Dry Cleaning	NO	NO	PB	PB	CEO/YES	CEO/YES	CEO/YES	CEO/YES	NO
Library	NO	NO	PB	PB	CEO/YES	CEO/YES	CEO/YES	CEO/YES	NO
Livestock and Poultry (Personal Use)	NO	NO	PB	CEO/YES	NO	NO	NO	NO	NO
Livestock and Poultry (Commercial)	NO	NO	NO	PB	NO	NO	NO	NO	NO
Manufacturing, Heavy	NO	NO	NO	NO	PB	PB	PB	PB	NO
Manufacturing, Light	NO	NO	PB	NO	PB	PB	PB	PB	NO
Medical Marijuana Dispensaries	NO	NO	PB	NO	PB	PB	PB	PB	PB
Mineral Exploration & Extraction	NO	NO	NO	PB	NO	NO	PB	PB	NO
Mineral Storage	NO	NO	NO	PB	NO	NO	PB	PB	NO
Mobile Homes	NO	NO	NO	CEO/YES	NO	NO	NO	NO	NO
Mobile Home Park	NO	NO	PB	PB	NO	NO	NO	NO	NO
Mobile Home, Temporary Housing, Seasonal Agriculture	NO	NO	NO	PB	NO	NO	NO	NO	NO
Museum	NO	NO	CEO/YES	PB	CEO/YES	CEO/YES	PB	PB	NO
Newspaper or Printing Plant	NO	NO	PB	PB	PB	PB	CEO/YES	CEO/YES	NO
Nursing Home, Group Home, Hospice or Assisted Living Ctr	NO	PB	PB	PB	NO	NO	NO	NO	PB
Owner Operated General Store or Grocery Store	NO	NO	CEO/YES	PB	CEO/YES	CEO/YES	NO	NO	NO
Personal Service Business	NO	NO	CEO/YES	CEO/YES	CEO/YES	CEO/YES	NO	NO	NO
Pet Grooming	NO	PB	CEO/YES	CEO/YES	CEO/YES	CEO/YES	NO	NO	NO
Pharmacy or Retail Medical Supply Store	NO	NO	CEO/YES	NO	CEO/YES	CEO/YES	PB	PB	CEO/YES
Private Club	NO	NO	CEO/YES	PB	CEO/YES	CEO/YES	CEO/YES	CEO/YES	NO
Public or Private School	PB	PB	PB	PB	PB	PB	PB	PB	NO
Public Utility	NO	PB	PB	PB	PB	PB	CEO/YES	CEO/YES	NO
Recycling Collection Point	NO	NO	PB	PB	PB	PB	CEO/YES	CEO/YES	NO
Recycling Facility	NO	NO	CEO/YES	PB	CEO/YES	CEO/YES	PB	PB	NO
Research, Testing and Development Laboratory	NO	NO	PB	PB	PB	PB	PB	PB	PB
Restaurant	NO	NO	CEO/YES	PB	CEO/YES	CEO/YES	CEO/YES	CEO/YES	CEO/YES
Retail Use	NO	NO	CEO/YES	PB	CEO/YES	CEO/YES	CEO/YES	CEO/YES	CEO/YES
Retail Use with Outdoor Sales or Service	NO	NO	PB	PB	PB	CEO/YES	CEO/YES	CEO/YES	NO



Local Regulation

→ Municipal Opt-in

The MMUMA prohibits the operation of any new registered caregiver retail stores, registered dispensaries, testing facilities, and manufacturing facilities after December 13, 2018, unless the municipal legislative body has voted to allow the operation of these types of facilities within the municipality. 22 M.R.S. § 2429-D(3). In other words, such facilities are prohibited by default unless a municipality's legislative body has voted to "opt in" to their operation. This municipal authorization is similar to the municipal "opt-in" authorization required before adult use marijuana establishments may operate under the Adult Use Marijuana Act (28-B M.R.S. §§ 101-1504).

There is one significant caveat to this default prohibition: municipalities may not prohibit registered caregiver retail stores, dispensaries, testing facilities, or manufacturing facilities in operation with municipal approval prior to December 13, 2018. This means that all such facilities already operating with municipal approval may continue to operate even if the legislative body does not vote to "opt in" to the operation of new commercial medical marijuana establishments in general. Additionally, "municipal approval" means approval of the particular medical marijuana-related use, it does not mean an approved business license or land use permit that does not address the use of the facility or structure for a medical marijuana-related activity (22 M.R.S. § 2429-D(2)).

Note that the default prohibition applies to registered caregiver retail stores, not to registered caregivers generally. Under the MMUMA, municipalities are expressly precluded from prohibiting or limiting the number of registered caregivers within their jurisdiction (22 M.R.S. § 2429-D(1)).

→ Home Rule Authority to Regulate

The MMUMA expressly recognizes municipal home rule authority to regulate registered caregivers, registered caregiver retail stores, registered dispensaries, marijuana testing facilities, and manufacturing facilities (22 M.R.S. § 2429-D). By ordinance, municipalities have the authority to directly regulate registered caregiver activities through means such as permitting, performance standards, or local licensing and reasonable licensing fees, as long as such regulation does not prohibit or limit the number of registered caregivers in the municipality. Municipalities can prohibit or limit the number of caregiver retail stores, dispensaries, testing facilities or manufacturing facilities. They may also impose permitting, performance standards, or licensing requirements on some or all types of such commercial medical marijuana establishments.

→ Municipal Access to Caregiver Information

The MMUMA protects as confidential the information provided to the state in a caregiver registration application (22 M.R.S. § 2425-A(12)). However, upon request by a local code enforcement officer (or if a municipality does not employ a code enforcement officer, a municipal officer), the state Office of Marijuana Policy ("OMP") is required to verify the registry identification card and conduct of a caregiver, including the location of the caregiver's operations. The OMP must disclose this information within 2 business days of the request,



without disclosing more information than is reasonably necessary to verify authenticity of the registry identification card. The CEO or municipal officers must keep any information received confidential except as necessary to verify whether the registry identification card is valid and whether the conduct is authorized.

→ Enforcement

Violations of the MMUMA (e.g., the distribution of medical marijuana or marijuana products without the required state registration or without opt-in authority from the municipality) are subject to civil and/or criminal penalties that must be enforced by OMP and/or state/local law enforcement (22 M.R.S. § 2430-F). If a municipal official becomes aware of such violations, they should be reported to OMP or the state/local police. The municipality is only responsible for enforcing violations of municipal land use or licensing regulations, to the extent such regulations have been enacted and are applicable.

2019-2020 Edition

MAINE MARIJUANA STATUTES & RULES

- **Adult Use Marijuana Statute**
Title 28-B
- **Medical Use of Marijuana Statute**
Title 22, Chapter 558-C
- **Selected Other Statutes**
Titles 7, 15, 17-A, 22 & 36
(All statutes effective September 19, 2019
unless otherwise indicated)
- **Adult Use Marijuana Program Rule**
18-691 C.M.R. ch. 1 (effective December 5, 2019)
- **Medical Use of Marijuana Program Rule**
18-691 C.M.R. ch. 2 (effective February 1, 2018)

MAINE MARIJUANA STATUTES & RULES

(2019-2020)

Compiled and Indexed by



license, the areas within the cultivation facility within which the applicant proposes to cultivate mature marijuana plants. An applicant for a nursery cultivation facility license shall meet the requirements of this paragraph by designating on the cultivation plan the areas within the cultivation facility within which the applicant proposes to cultivate mature marijuana plants, demonstrating the physical separation of such areas from the areas in which immature marijuana plants and seedlings are to be cultivated in accordance with section 501, subsection 3, paragraph B.

303. Increase in cultivation tier upon renewal

A licensee seeking renewal of a cultivation facility license may, if applicable in accordance with this section, apply for a tier of cultivation facility license that a greater area of authorized plant canopy than is authorized under the licensee's current cultivation facility license.

1. **Approval criteria.** The department may issue the applied-for tier of cultivation facility license if the licensee otherwise meets all applicable requirements for continued licensure under this chapter and the rules adopted pursuant to this chapter and the licensee has demonstrated to the department's satisfaction that:

- A. The licensee has over the current period of licensure sold at least 85% of the adult use marijuana cultivated by the licensee at its cultivation facility; and
- B. The approval of the applied-for tier of cultivation facility license will not cause the licensee to exceed the combined plant canopy limitation in section 205, subsection 2, paragraph A.

2. **Consideration of renewal of current license tier if approval criteria not met.** If the department determines that the licensee has failed to satisfy the requirements of this section for the applied-for tier of cultivation facility license, the department shall consider renewing the licensee's license at the current tier.

This section does not apply to a nursery cultivation facility licensee.

304. Increase in maximum licensed plant canopy upon renewal of tier 4 license

In accordance with the requirements of this section, not more than once every years, a licensee seeking renewal of a tier 4 cultivation facility license may apply increase by 7,000 square feet the maximum area of plant canopy authorized under its current tier 4 cultivation facility license.

1. **Approval criteria.** The department may approve the requested increase if the licensee otherwise meets all applicable requirements for continued licensure under this chapter and the rules adopted pursuant to this chapter and the licensee has demonstrated to the department's satisfaction that the licensee has over the past year period of licensure sold at least 85% of the adult use marijuana cultivated by the licensee at its cultivation facility.

2. **Consideration of renewal of current licensed amount of plant canopy approval criteria not met.** If the department determines that the licensee has failed to satisfy the requirements of this section for the requested increase, the department shall consider renewing the licensee's license at the current tier and currently authorized maximum area of plant canopy.

SUBCHAPTER 4 LOCAL REGULATION OF MARIJUANA ESTABLISHMENTS

§ 401. Municipal regulation of marijuana establishments generally

In accordance with the applicable provisions of this subchapter and pursuant to the home rule authority granted under the Constitution of Maine, Article VIII, Part Second and Title 30-A, section 3001, a municipality may regulate marijuana establishments within the municipality, including, but not limited to, adoption of the following types of regulations and restrictions.

1. **Land use regulations.** A municipality may adopt an ordinance providing land use regulations applicable to marijuana establishments within the municipality.
2. **General authorization or limitation of marijuana establishments.** A municipality may adopt an ordinance generally authorizing the operation of some or all types of marijuana establishments within the municipality. A municipality may adopt an ordinance limiting the number of any type of marijuana establishment that may be authorized to operate within the municipality.
3. **Municipal licensing requirements.** A municipality may adopt an ordinance providing licensing requirements applicable to marijuana establishments within the municipality, which may include, but are not limited to, provisions establishing a municipal licensing fee schedule pursuant to Title 30-A, section 3702.

Notwithstanding any other provision of law to the contrary, a municipal ordinance regulating marijuana establishments within the municipality adopted pursuant to this subchapter is not subject to the requirements or limitations of Title 7, chapter 6 or 8-F.

§ 402. Local authorization of marijuana establishments within municipalities

1. **Request for local authorization to operate marijuana establishment in municipality prohibited unless authorized by municipal ordinance or warrant article.** A person seeking to operate a marijuana establishment within a municipality may not request local authorization to operate the marijuana establishment pursuant to subsection 3 and a municipality may not accept as complete the person's request for local authorization unless:

A. The legislative body of the municipality has voted to adopt a new ordinance, amend an existing ordinance or approve a warrant article allowing some or all types of marijuana establishments within the municipality, including the type of marijuana establishment the person seeks to operate; and

B. The person has been issued by the department a conditional license to operate the marijuana establishment pursuant to section 205, subsection 3.

2. **Minimum authorization criteria.** A municipality may not authorize the operation of a marijuana establishment within the municipality if:

A. The marijuana establishment is proposed to be located within 1,000 feet of the property line of a preexisting public or private school, except that, if a municipality by ordinance or other regulation prohibits the location of marijuana establishments at distances less than 1,000 feet but not less than 500 feet from

the property line of a preexisting public or private school, that lesser distance applies. For the purposes of this paragraph, "school" includes a public school, as defined in Title 20-A, section 1, subsection 24, a private school, as defined in Title 20-A, section 1, subsection 22, a public preschool program, as defined in Title 20-A, section 1, subsection 23-A or any other educational facility that serves children from prekindergarten to grade 12; or

B. The person requesting local authorization to operate the marijuana establishment fails to demonstrate possession or entitlement to possession of the proposed licensed premises of the marijuana establishment pursuant to a lease, rental agreement or other arrangement for possession of the premises or by virtue of ownership of the premises.

3. Local authorization required for operation of marijuana establishment within municipality. A person may not operate a marijuana establishment within a municipality unless:

A. The legislative body of the municipality has voted to adopt a new ordinance, amend an existing ordinance or approve a warrant article allowing some or all types of marijuana establishments within the municipality, including that type of marijuana establishment;

B. The person has obtained all applicable municipal approvals, permits or licenses that are required by the municipality for the operation of that type of marijuana establishment; and

C. The person has been issued by the department an active license to operate the marijuana establishment pursuant to section 205, subsection 4.

A municipality may certify to the department a person's compliance with the requirements of paragraph B on the form prepared and furnished by the department pursuant to section 205, subsection 4, paragraph B.

4. Municipal failure to act on request for local authorization. If a municipality whose legislative body has voted to adopt a new ordinance, amend an existing ordinance or approve a warrant article allowing some or all types of marijuana establishments within the municipality fails to act on a person's request for local authorization to operate a marijuana establishment within the municipality, the municipality's failure to act does not satisfy the local authorization requirement of subsection 3, paragraph B.

5. Appeal of municipal failure to act on request for local authorization. If a municipality whose legislative body has voted to adopt a new ordinance, amend an existing ordinance or approve a warrant article allowing some or all types of marijuana establishments within the municipality fails to act on a person's request for local authorization to operate a marijuana establishment within the municipality within 90 days after the date the person submitted the request to the municipality, the request is deemed denied and the denial constitutes a final government action that may be appealed to the Superior Court in accordance with Rule 80B of the Maine Rules of Civil Procedure, except that, if the municipality notifies the person in writing prior to the expiration of the 90-day period that the request cannot be processed prior to the expiration of the 90-day period, the request is deemed denied and the denial constitutes a final government action only if the municipality fails to act on the request within 180 days after the date the person submitted the request to the municipality.

§ 403. Local authorization of marijuana establishments within town, plantations and townships in the unorganized and deorganized area

1. Request for local authorization to operate marijuana establishment in town, plantation or township in unorganized and deorganized areas prohibited unless generally allowed by town or plantation or by county commissioners on behalf of township. A person seeking to operate a marijuana establishment within a town, plantation or township located within the unorganized and deorganized areas may not request local authorization pursuant to subsection 3 to operate the marijuana establishment and the town, plantation or, in the case of a township, the county commissioners of the county in which the township is located may not accept as complete the person's request for local authorization unless:

A. In the case of a town or plantation, the legislative body of the town or plantation has voted to allow some or all types of marijuana establishment within the town or plantation, including the type of marijuana establishment the person seeks to operate and the person has been issued by the department a conditional license to operate the marijuana establishment pursuant to section 205, subsection 3; or

B. In the case of a township, the county commissioners of the county in which the township is located have voted to allow some or all types of marijuana establishments within the township, including the type of marijuana establishment the person seeks to operate and the person has been issued by the department a conditional license to operate the marijuana establishment pursuant to section 205, subsection 3.

2. Minimum authorization criteria. The Maine Land Use Planning Commission may not certify to the department local authorization of a marijuana establishment within a town, plantation or township located within the unorganized and deorganized areas pursuant to subsection 3 if:

A. The marijuana establishment is proposed to be located within 1,000 feet of the property line of a preexisting public or private school, except that, in the Maine Land Use Planning Commission prohibits the location of marijuana establishments within a town, plantation or township at distances less than 1,000 feet but not less than 500 feet from the property line of a preexisting public or private school, that lesser distance applies. For the purposes of this paragraph, "school" has the same meaning as in section 402, subsection 2 paragraph A; or

B. The person requesting local authorization to operate the marijuana establishment fails to demonstrate possession or entitlement to possession of the proposed licensed premises of the marijuana establishment pursuant to a lease, rental agreement or other arrangement for possession of the premises or by virtue of ownership of the premises.

3. Local authorization required for operation of marijuana establishment in town, plantation or township in unorganized and deorganized areas. A person may not operate a marijuana establishment within a town, plantation or township located within the unorganized and deorganized areas unless:

A. The legislative body of the town or plantation has voted to allow some or all types of marijuana establishments within the town or plantation, including

action under this subparagraph may not resell the mature marijuana plants, marijuana products or marijuana concentrate except to a qualifying patient or to a caregiver or dispensary to assist a qualifying patient;

(5) Transfer harvested marijuana to a manufacturing facility and accept marijuana products and marijuana concentrate from the manufacturing facility that are produced from the harvested marijuana the dispensary provided to the manufacturing facility; and

(6) Provide samples to a marijuana testing facility for testing and research purposes;

G. Conduct marijuana testing at the request of anyone authorized to possess marijuana plants or harvested marijuana under this chapter for research and development purposes only;

H. Manufacture marijuana products for medical use, except that a dispensary may not prepare food, as defined in section 2152, subsection 4, unless licensed pursuant to section 2167;

I. Manufacture marijuana concentrate for medical use, except that a dispensary may not produce marijuana concentrate using inherently hazardous substances unless authorized pursuant to section 2423-F, subsection 3;

J. Provide harvested marijuana to a manufacturing facility and obtain marijuana products and marijuana concentrate from the manufacturing facility that is produced from the harvested marijuana the registered dispensary provided to the manufacturing facility;

K. Hire any number of assistants to assist in performing the duties of the dispensary; and

L. Transport marijuana plants and harvested marijuana as necessary to carry out the activities authorized under this section.

2 to 5. (Repealed)

6. **Registered dispensary requirements.** This subsection governs the operations of registered dispensaries.

A. (Repealed)

B. A dispensary may not be located within 500 feet of the property line of a preexisting public or private school.

C and D. (Repealed)

E. A dispensary shall implement appropriate security measures to deter and prevent unauthorized entrance into areas containing marijuana plants and harvested marijuana and the theft of marijuana plants and harvested marijuana at the dispensary and the one permitted additional location at which the dispensary cultivates marijuana plants for medical use by qualifying patients.

F. The operating documents of a dispensary must include procedures for the oversight of the dispensary and procedures to ensure accurate record keeping in accordance with section 2430-G.

G. (Repealed)

H. All officers or directors of a dispensary must be residents of this State.

I. All cultivation of marijuana plants must take place in a cultivation area unless the marijuana plants are being transported pursuant to subsection 1-A, paragraph L. Access to the cultivation area is limited to a cardholder who is an officer or director or assistant of the dispensary when acting in that capacity or holder's official capacity, except that an elected official invited to the cultivation area by the dispensary, emergency services personnel, or an official on cultivation by the dispensary, may access the cultivation area in order to perform repairs or maintenance or to construct or reconstruct the cultivation area to provide professional service while under the direct supervision of a cardholder who is an officer or director or assistant of the dispensary.

J. (Repealed)

K. A dispensary shall display the dispensary's registration certificate issued under section 2425-A in a publicly visible location in the dispensary.

L to N. (Repealed)

7. **Maximum amount of marijuana to be dispensed.** A dispensary or officer or director or assistant of a dispensary may not dispense more than 2.1 ounces of harvested marijuana in one transaction to a qualifying patient or to a caregiver on behalf of a qualifying patient, except that a dispensary or officer or director or assistant of a dispensary may not dispense more than 2 1/2 ounces of harvested marijuana to a visiting qualifying patient during a 15-day period.

8 and 8-A. (Repealed)

9. **Prohibitions.** The prohibitions in this subsection apply to a registered dispensary.

A. (Repealed)

B. A dispensary may not dispense, deliver or otherwise transfer marijuana plants or harvested marijuana except as provided in this chapter.

C. (Repealed)

D. A person who has been convicted of a disqualifying drug offense may not be an officer or director or assistant of a dispensary.

(1) A person who is an officer or director or assistant of a dispensary in violation of this paragraph commits a civil violation for which a fine of no more than \$1,000 may be adjudged.

(2) A person who is an officer or director or assistant of a dispensary in violation of this paragraph and who at the time of the violation has been previously found to have violated this paragraph commits a Class D crime.

E. (Repealed)

F. A dispensary may not contract for the cultivation of seeds of a marijuana plant, seedlings or immature marijuana plants, except that a dispensary may engage in wholesale transactions in accordance with subsection 1-A, paragraph F, subparagraph (4).

G. A registered dispensary may not use a pesticide on marijuana plants except a pesticide that is used consistent with federal labeling requirements, is registered with the Department of Agriculture, Conservation and Forestry, Board of

CHAPTER 59 A

CITY OF PRESQUE ISLE

Adult Use and Medical Marijuana Businesses Ordinance

REPEALS AND REPLACES CHAPTER 59



ENACTED: _____, 2020

CERTIFIED BY: _____

Thomas C. King, City Clerk

Affix Seal

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Adult Use and Medical Marijuana Businesses

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A. Title:

This ordinance shall be known and cited as the "City of Presque Isle Adult Use and Medical Marijuana Businesses Ordinance" and will be referred to hereinafter as "this Ordinance". This Ordinance limits all subject Adult Use and Medical Marijuana Businesses to the zoning districts specified in section H. E., prescribes definitions of Adult Use and Medical Marijuana Businesses, provides for permitting/licensing and regulation of Adult Use and Medical Marijuana Businesses, and provides performance standards for Adult Use and Medical Marijuana Businesses.

B. Authority and Applicability:

WHEREAS, implementing a system for the regulation of stores, dispensaries, cultivation, manufacturing, and testing for the production and sale of marijuana, is a complex function with significant administrative demands on the City of Presque Isle; and

WHEREAS, ensuring that possession and use of Adult Use and Medical Marijuana is limited to persons who are 21 years of age or older, except in the case of minors in possession of a medical marijuana patient card, is necessary to protect those who have not yet reached adulthood from the effects of irresponsible use of marijuana; and

WHEREAS, the City of Presque Isle believes that any production, processing, or selling of Adult Use and Medical Marijuana should be conducted in a safe and fair manner for the health, safety, and welfare of the community, which includes complying with provisions of all applicable laws and ordinances relating to adult use and medical use of marijuana throughout the City of Presque Isle; and

NOW THEREFORE, this Ordinance is adopted pursuant to the Marijuana Legalization Act, 28-B M.R.S. §101 et seq.; the Maine Medical Use of Marijuana Act, 22 M.R.S. §2421 et seq.; and the City's home rule authority under Article VIII, Part 2, Section 1 of the Maine Constitution 30-A M.R.S. §3001 et seq., and 30-A M.R.S. §4301 et seq.

C. Purpose:

It is the purpose of this Ordinance to regulate Adult Use and Medical Marijuana Businesses in order to promote the health, safety, and general welfare of the citizens of Presque Isle, and to establish reasonable and uniform regulations for the appropriate location of Adult Use and Medical Marijuana Businesses in Presque Isle. Persons or entities wishing to establish an Adult Use or a Medical Marijuana Business within the City of Presque Isle shall first obtain a license from the Presque Isle City Council (hereinafter "the City Council") and shall be subject to the provisions of this Ordinance. This Ordinance may not be construed to limit any privileges or rights of a qualifying patient, primary caregiver, registered or otherwise, or registered dispensary under the Maine Medical Use of Marijuana Act.

D. Conflict with Other Ordinances; State Law:

Whenever a provision of this Ordinance conflicts with or is inconsistent with other provisions of this Ordinance, or of any other ordinance, regulation or standard, the more restrictive provision shall apply. Nothing herein is intended to conflict with State law; whenever a provision of this Ordinance conflicts with State law the more restrictive provision shall apply. All applicants and licensees shall comply with all applicable State laws.

E. Effective Date:

The effective date of this Ordinance, and the business licensing thereunder, shall be the date of adoption by the City Council.

F. Validity and Severability:

Should any section or provision of this Ordinance be declared by any court to be invalid, such decision shall not invalidate any other section or provision of this Ordinance.

G. Definitions:

Adult Use Cultivation facility: a facility licensed under this ordinance to purchase marijuana plants and seeds from other cultivation facilities; to cultivate, prepare and package adult use marijuana; to sell adult use marijuana to Adult Use Products Manufacturing Facilities, to Adult Use Marijuana Stores and to other cultivation facilities; and to sell marijuana plants and seeds to other cultivation facilities and immature marijuana plants and seedlings to Adult Use Marijuana Stores.

Adult Use Marijuana Nursery Cultivation Facility: a facility licensed under this ordinance to cultivate not more than 1,000 SF of plant canopy pursuant to 28-B M.R.S. §501.

Adult Use Marijuana Store: a facility licensed under this ordinance to purchase adult use marijuana, immature marijuana plants and seedlings from an Adult Use Cultivation Facility, to purchase adult use marijuana and adult use marijuana products from an Adult Use Products Manufacturing Facility and to sell adult use marijuana, adult use marijuana products, immature marijuana plants and seedlings to consumers.

Adult Use Marijuana Testing Facility: a facility licensed under this ordinance to develop, research and test adult use marijuana, adult use marijuana products and other substances.

Adult Use Products Manufacturing Facility: a facility licensed under this ordinance to purchase adult use marijuana from a cultivation facility or another product manufacturing facility; to manufacture, label and package adult use marijuana and adult use marijuana products; and to sell adult use marijuana and adult use marijuana products to marijuana stores and to other products manufacturing facilities.

Code Enforcement Officer (CEO): a person, appointed by the City Council, to administer and enforce Land Use Ordinances, Zoning Ordinances, Building Codes, and certain State Laws.

Cultivation or Cultivate: the planting, propagation, growing, harvesting, drying, curing, grading, trimming or other processing of marijuana for use or sale.

Harvested Marijuana: the plant material harvested from a mature marijuana plant, except the stalks, leaves and roots of the plant that are not used for a qualifying patient's medical use. "Harvested marijuana" includes marijuana concentrate and marijuana products.

Immature marijuana plant: a marijuana plant that is not a mature marijuana plant or a seedling.

Law Enforcement Officer (LEO): means any officer, agent, or employee of a State, unit of local government, or Sheriff Deputy authorized by law or by a government agency to engage in or supervise the prevention, detection, or investigation of any violation of criminal law. This includes full and part-time personnel.

Manufacture or Manufacturing: the production, blending, infusing, compounding or other preparation of marijuana concentrate and marijuana products, including, but not limited to, marijuana extraction or preparation by means of chemical synthesis.

"Marijuana" means the leaves, stems, flowers and seeds of a marijuana plant, whether growing or not.

Marijuana Business: Medical Marijuana Cultivation Facility, Medical Marijuana Manufacturing Facility, Medical Marijuana Testing Facility, Registered Dispensary, Registered Caregiver Retail Store, Adult Use Marijuana Cultivation Facility, Adult Use Marijuana Products Manufacturing Facility, Adult Use Testing Facility, or Adult Use Marijuana Store licensed under this Ordinance.

Medical Marijuana Cultivation Facility: a facility licensed under this ordinance to cultivate, prepare and package medical marijuana at a location that is not the residence of the Registered Caregiver or Qualifying Patient.

Medical Marijuana Manufacturing Facility: a registered tier 1 or tier 2 manufacturing facility or a person authorized to engage in marijuana extraction under section 2423-F.

Medical Marijuana Testing Facility: a public or private laboratory that:

- A. Is authorized in accordance with 22 M.R.S. §2423-A, subsection 10 to analyze contaminants in and the potency and cannabinoid profile of samples; and
- B. Is accredited pursuant to standard ISO/IEC 17025 of the International

Organization for Standardization by a 3rd-party accrediting body or is certified, registered or accredited by an organization approved by the State of Maine.

Medical Use: the acquisition, possession, cultivation, manufacture, use, delivery, transfer or transportation of marijuana or paraphernalia relating to the administration of marijuana to treat or alleviate a qualifying patient's medical diagnosis or symptoms for which a medical provider has provided the qualifying patient a written certification under this chapter.

Plant Canopy: the total surface area within the licensed premises of an Adult Use Marijuana Cultivation Facility that is authorized for use at any time by the cultivation facility licensee to cultivate mature marijuana plants. The surface area of the plant canopy must be calculated in square feet and measured using the outside boundaries of the area and must include all of the area within the boundaries. If the surface area of the plant canopy consists of non-contiguous areas, each component area must be separated by identifiable boundaries. If a tiered or shelving system is used by the cultivation facility licensee, the surface area of each tier or shelf must be included in calculating the area of the plant canopy. Calculation of the area of the plant canopy may not include the areas within the licensed premises of a cultivation facility that are used by the licensee to cultivate immature marijuana plants and seedlings and that are not used by the licensee at any time to cultivate mature marijuana plants.

Qualifying patient: a person who has been a resident of the State for at least 30 days and who possesses a valid written certification regarding medical use of marijuana in accordance with section 2423-B.

Registered caregiver: a person or an assistant of that person that provides care for a qualifying patient and who is registered by the State of Maine pursuant to 22 M.R.S. §2425-A.

Registered Caregiver Retail Store: a facility licensed to sell harvested marijuana to qualifying patients for the patients' medical use.

Registered Dispensary: an entity registered under 22 M.R.S. § 2425-A that acquires, possesses, cultivates, manufactures, delivers, transfers, transports, sells, supplies or dispenses marijuana or related supplies and educational materials to qualifying patients and the caregivers of those patients.

Testing or test: the research and analysis of marijuana, marijuana products or other substances for contaminants, safety or potency.

H. License Required:

No person may establish, operate or maintain a Marijuana Business without first obtaining a Certificate of Occupancy from the CEO and a license from the City Council.

It is a violation of this Ordinance for any person to operate a Marijuana Business without a valid Marijuana Business license issued by the City pursuant to this Ordinance.

Pursuant to 28-B M.R.S. § 402, an applicant seeking to operate an Adult Use Marijuana Business may not submit an application for a license unless the applicant has been issued a conditional license by the State of Maine to operate the Adult Use Marijuana Business.

Marijuana Business Licenses shall be administered on a first come, first served basis based upon the date the application is deemed complete.

Registered Caregivers operating out of their residence shall apply for and obtain a permit for a home occupation in accordance with Article IX of the Presque Isle Zoning Ordinance and shall comply with all standards set forth in the article. Registered Caregivers who cultivate medical marijuana only for themselves and/or members of their household are exempt from this requirement and are not required to obtain a permit or license.

The cultivation, manufacturing, testing or sale of adult use marijuana from a residence is prohibited, unless it is for personal use in accordance with 28-A M.R.S. § 1502. Home cultivation of adult use marijuana for personal use is exempt from the licensing requirements of this Ordinance. Provided, however, that outdoor cultivation of adult use marijuana for personal use is prohibited, unless the residence is located in an agricultural zoning district.

I. Application Procedure:

A. An application for a license must be made on a form provided by the City.

B. All applicants must be qualified according to the provisions of this Ordinance.
Applicants shall provide sufficient information to demonstrate that they meet all qualifications and standards established in this Ordinance.

C. Application to establish a Marijuana Business

1. If the applicant who wishes to operate a Marijuana Business is a single individual, this person must sign the application for a license. If the applicant who wishes to operate a Marijuana Business is more than one individual, each person who has an interest in the business must sign the application for a license as applicant. Each applicant must be qualified under the following section and each applicant shall be considered a licensee if a license is granted.

2. The completed application for a Marijuana Business license shall contain the following

information and shall be accompanied by the following documents:

- a. If the applicant is an individual: The individual shall state their legal name and any aliases, and submit proof that they are at least twenty-one (21) years of age.
- b. If the applicant is a partnership: The partnership shall state its complete name, and the names of all partners, whether the partnership is general or limited, submit a copy of the partnership agreement, if any, and submit proof that all partners are at least twenty-one (21) years of age.
- c. If the applicant is a corporation: The corporation shall state its complete name, the date of its incorporation, evidence that the corporation is in good standing under State law, the names and capacity of all officers, directors and principal stockholders, the name of the registered corporate agent, the address of the registered office for service of process, and submit proof that all officers, directors and principal stockholders are at least twenty-one (21) years of age.
- d. If the applicant is a limited liability company (LLC): The LLC shall state its complete name, the date of its establishment, evidence that the LLC is in good standing under State law, the names and capacity of all members, a copy of its operating agreement, if any, the address of its registered office for service of process, and submit proof that all members are at least twenty-one (21) years of age.
- e. If the applicant intends to operate the Marijuana Business under a name other than that of the applicant, they must state the Marijuana Business' name and submit the required registration documents.
- f. If the applicant, an officer, member or employee has been convicted of criminal activity under State and/or federal law, they must list the specified criminal activity involved, and the date, place, and jurisdiction of each conviction.
- g. If the applicant has had a previous license under this Ordinance or other similar Marijuana Business license applications in another town, city or state denied, suspended or revoked, they must list the name and location of the Marijuana Business for which the license was denied, suspended or revoked, as well as the date of the denial, suspension or revocation, and they must list whether the applicant has been a partner in a partnership or an officer, director, or principal stockholder of a corporation that is permitted/licensed under this Ordinance, whose license has previously been denied, suspended or revoked, listing the name and location of the Marijuana Business for which the permit was denied, suspended, or revoked as well as the date of denial, suspension or revocation.
- h. If the applicant holds any other permits/licenses under this Ordinance or other similar Marijuana Business license from another town, city, or state the applicant shall provide the names and locations of such other permitted/licensed businesses.
- I. The type of Marijuana Business for which the applicant is seeking a license.

- j. The location of the proposed Marijuana Business, including a legal description of the property, street address, and telephone number.
 - k. Sufficient documentation demonstrating possession or entitlement to possession of the proposed licensed premises of the Marijuana Business pursuant to a lease, rental agreement, purchase and sale agreement or other arrangement for possession of the premises or by virtue of ownership of the premises.
 - l. The applicant's mailing address and residential address.
 - m. Recent passport-style photograph(s) of the applicant(s).
 - n. The applicant's driver's license.
 - o. A sketch showing the configuration of the subject premises, including building footprint, interior layout with floorspace to be occupied by the business, and parking plan. The sketch must be drawn to scale with marked dimensions.
 - p. A copy of a City Tax Map depicting: the subject property lines and the property lines of other properties within one thousand (1,000) feet of the subject property; measured in accordance with Section J.A.3.
3. All applications for a Marijuana Business license shall be kept confidential by the City .
4. All applicants, including all individuals, officers, directors, managers, members, and partners, for any Adult Use Marijuana Business license, excepting Adult Use Marijuana Testing Facilities, must be residents of the State, as defined in 28-B M.R.S. §102, and a majority of shares, partnership interests, and membership interests, or other equity interests in corporate applicants must be held or owned by persons who are residents.

All applicants, including all individuals, officers, directors, managers, members, and defined partners, for any Medical Marijuana Business license must be residents of the State, as in 22 M.R.S. § 2422.

5. If an applicant is a person, the person must be a resident as that term is defined in the application. If the applicant is a corporation, partnership, or limited liability company, every officer, and managing partner must be a person who is a resident, and a majority of shares, partnership interests, or other equity interests must be held or owned by persons who are residents. The residency requirement does not apply to applicants for testing licenses.

D. Application and License Fees

All applications must be submitted with a *(SEE SCHEDULE A)* fee. If an application is approved, the following license fees must be paid before the City will issue a license:

Marijuana Store: Annual Operation License Fee: *(SEE SCHEDULE A)*

Marijuana Manufacturing Facility: Annual Operation License Fee: *(SEE SCHEDULE A)*

Marijuana Testing Facility: Annual Operation License Fee: *(SEE SCHEDULE A)*

Adult Use Marijuana Cultivation:

Tier 1: 0 to 500 SF of plant canopy: Annual Permit/Licensing Fee: *(SEE SCHEDULE A)*

Tier 2: 501-2,000 SF of mature plant canopy: Annual License Fee: *(SEE SCHEDULE A)*

Tier 3: 2,001-7,000 SF of mature plant canopy: Annual License Fee: *(SEE SCHEDULE A)*

Tier 4: > than 7,000SF of mature plant canopy: Annual License Fee*(SEE SCHEDULE A)*

Medical Marijuana Cultivation: Annual Operation License Fee: *(SEE SCHEDULE A)*

Adult Use Marijuana Nursery Cultivation: Annual License Fee: *(SEE SCHEDULE A)* (Plant canopies of individual Nursery Cultivations are permanently capped at 1,000 SF.)

Renewal applicants for Adult Use Marijuana Cultivation licenses may seek an increase to a higher tier if they comply with the requirements in this section.

Applicants for Adult Use Marijuana Cultivation licenses may not hold more than three (3) such licenses or a total combined plant canopy in excess of 30,000 SF.

J. Standards for License:

A. General

1. All Marijuana Businesses shall comply with applicable state and local laws and regulations.
2. Marijuana Businesses shall only be located within the zoning districts permitted in section E. below.
3. Marijuana Businesses may not be located on property within one thousand (1,000) feet of the property line of a preexisting public or private school (K-12).
For the purposes of this Ordinance, "school" includes a public school, private school, or public preschool program as defined in 20-A M.R.S. §1, or any other educational facility that serves children from prekindergarten to grade 12.

Required setbacks shall be measured as the most direct, level, shortest, without regard to the intervening structures or objects, straight-line distance between the school property line and the property line of the parcel of land on which the Marijuana Business is located. If the Marijuana Business is located within a

commercial subdivision, the required setback shall be measured from the front door of the Marijuana Business to the property line of the school. Presence of a town, city, county, or other political subdivision boundary shall be irrelevant for purposes of calculating and applying the distance requirements of this Section.

4. Marijuana Businesses may not be located on property within one hundred fifty (150) feet of the property line of a parcel containing one or more other Marijuana Businesses, a Church, Pre-School, Day Care, or Community Center. Required setbacks shall be measured as the most direct, level, shortest, without regard to the intervening structures or objects, straight-line distance between the front doors of existing primary structures of the parcels of land on which the Marijuana Businesses are located. If the Marijuana Business is located within a commercial subdivision, the required setback shall be measured from the front door of each of the Marijuana Businesses. Presence of a town, city, county, or other political subdivision boundary shall be irrelevant for purposes of calculating and applying the distance requirements of this Section.

Adult Use and Medical Marijuana Cultivation Facilities and Adult Use and Medical Marijuana Manufacturing Facilities operating within the industrial zoning district are exempt from this setback requirement.

5. No outside cultivation or storage of marijuana, marijuana products, or related supplies is permitted, except that outdoor cultivation of marijuana in the Agricultural Farming / Forestry District is permitted.
6. Pursuant to 22 M.R.S. §2429-D(3), Registered Caregiver Retail Stores, Registered Dispensaries, Medical Marijuana Testing Facilities, and Medical Marijuana Manufacturing Facilities, as well as Medical Marijuana Cultivation Facilities, that were operating with City approval prior to December 13, 2018, are grandfathered in their current location and current use and shall be treated as legally non-conforming uses in accordance with Article III of the Presque Isle Zoning Ordinance if their location or use is not in conformance with this ordinance or applicable zoning ordinances, provided, however, that said Marijuana Businesses shall apply for and obtain a license.

The holder of a license for a Medical Marijuana Cultivation Facility or a Medical Marijuana Manufacturing Facility that complies with all applicable provisions of this Ordinance and the Presque Isle Zoning Ordinance, may exchange their license for an Adult Use Cultivation Facility or Adult Use Manufacturing Facility license in the same location, provided they meet all requirements and standards to operate an Adult Use Cultivation Facility or Adult Use Manufacturing Facility, with the exception of the required setbacks between facilities and schools. Said holder must file an application and pay a *(SEE SCHEDULE A)* fee.

The holder of a license for a Registered Caregiver Retail Store that complies with all applicable provisions of this Ordinance and the Presque Isle Zoning Ordinance may exchange their license for an Adult Use Marijuana Store license in the same location, provided they meet all requirements and standards to operate an Adult Use Marijuana Store. Said holder must file an application and pay a *(SEE SCHEDULE A)* fee.

7. All Adult Use Marijuana Stores and Registered Caregiver Retail Stores must be operated from permanent locations, which may utilize telephone and internet orders as long as the buyer pays for and picks up such orders in the store on the day the order is made, an exception is made for Registered Caregiver Retail Stores whereas it may be a necessity for the business to deliver medical marijuana to a patient. These deliveries will be made by the business and no contracted/paid delivery service will be authorized. Delivery must be made directly to the Qualified Patient and proper identification is verified.
8. Adult Use Marijuana Stores and Registered Caregiver Retail Stores may not use vending machines for sales, may not have "drive-through" or "drive-up" window serviced sales, and may not have internet-based sales with credit/debit card payment and delivery by USPS, UPS, FedEx, DHL, or any other global or local delivery service or courier.
9. Security measures at all Marijuana Business premises shall include, at a minimum, the following:
 - a. Security surveillance cameras installed and operating twenty-four (24) hours a day, seven (7) days a week, with thirty (30) day video storage, to monitor all entrances, along with the interior and exterior of the premises, to discourage and facilitate the reporting of criminal acts and nuisance activities occurring at the premises; and
 - b. Door and window combination video and motion detector intrusion system with audible alarm and smart phone monitoring, maintained in good working condition; and
 - c. A locking safe permanently affixed to the premises that is suitable for storage of all marijuana, marijuana products, and cash stored overnight on the licensed premises; and
 - d. Exterior lighting that illuminates the exterior walls of the licensed premises during dusk to dawn, that is either constantly on or activated by motion detectors, and complies with applicable light pollution standards established in the Technical Assistance Bulletin (Lighting Manual) produced by the State Planning Office; and
 - e. Deadbolt locks on all exterior doors and any other exterior access points, excepting windows which shall have locks; and
 - f. Methods to ensure that no person under the age of twenty-one (21) shall have access to marijuana and marijuana products.
10. Ventilation

All Marijuana Businesses are required to be in compliance with Odor Nuisance Control and Abatement Performance Standards, and all Marijuana Cultivation facilities shall have odor mitigation systems and a plan sufficient to mitigate potential nuisance conditions at property lines.

11. Operating Plan

Marijuana Businesses which cultivate, test, and/or manufacture are required to submit an operation plan that at a minimum addresses the following:

- a. wastewater; and
- b. disposal of waste

12. Required Notices

There shall be posted in a conspicuous location inside each Marijuana Store, at least one legible sign containing the following information:

On-site consumption of marijuana is illegal; Open and public consumption of marijuana in the State of Maine is illegal; The use of marijuana or marijuana products may impair a person's ability to drive a car or operate machinery; No one under the age of twenty-one (21) may purchase marijuana or marijuana products, except a minor with medical marijuana card; Loitering prohibited.

13. Signs

All signs used by and all marketing and advertising conducted by or on behalf of the marijuana business may not involve advertising or marketing that has a high likelihood of reaching persons under 21 years of age or that is specifically designed to appeal particularly to persons under 21 years of age. The signs, marketing, or advertising is prohibited from making any health or physical benefit claims. All signage shall meet the City's Land Use Sign standards and may use an image or images of the marijuana plant or plants, or parts thereof, as long as they do not exceed 20% of the sign face, but there shall be no pictorial representations of other marijuana products, by-products, or paraphernalia associated with the use or distribution of retail marijuana.

The exterior of all Marijuana Stores shall display a 1' x 1' image of any universal symbol for Medical or adopted by the State's Department of Administration and Financial Services.

B. Right of Access/Background Check/Inspection

Every Marijuana Business shall allow law enforcement officers and the Presque Isle Code Enforcement Officer ("CEO") to enter the premises at reasonable times for the purpose of checking compliance with all applicable State laws and this Ordinance. Every owner and employee of a Marijuana Business applying for a license, shall contact the Presque Isle Police Department for the purposes of fingerprinting and criminal background checking, and all premises managers for Marijuana Businesses shall submit emergency contact information to the Presque Isle 911 Communication Center. All business assets shall be reported to the City Assessor annually.

Due to fire, explosion, and other hazards inherent in Marijuana Cultivation, Testing, and Manufacturing facilities, including, but not limited to, heavy electrical loads, hot lighting fixtures, CO2 enrichment, extraction solvents (acetone, butane, propane,

ethanol, heptane, isopropanol, CO2, etc.), high-pressure extraction methods (CO2, etc.), and flammable contents, the owners of all such facilities shall agree to be inspected annually by the Presque Isle Fire Department and have a Knox Box installed at the structure's exterior entrance for emergency access. Knox Boxes shall be obtained and installed in coordination with the Presque Isle Fire Department.

C. Indemnification

By accepting a license issued pursuant to this Ordinance, the licensee waives and releases the City, its officers, elected officials, employees, attorneys, and agents from any liability for injuries, damages, or liabilities of any kind that result from any arrest or prosecution of any Marijuana Business owners, operators, employees, clients, or customers for a violation of local, State or federal laws, rules, or regulations.

By accepting a license issued pursuant to this Ordinance, the permittee/licensee agrees to indemnify, defend, and hold harmless the City, its officers, elected officials, employees, attorneys, agents, and insurers against all liability, claims, and demands on account of any injury, loss or damage, including without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever arising out of or in any manner connected with the operation of a permitted/licensed Marijuana Business.

D. State Law

In the event the State of Maine adopts any additional or stricter law or regulation governing the sale, cultivation, manufacture, distribution, or testing of Marijuana or Marijuana products, the additional or stricter regulation shall control the establishment or operation of any Marijuana Business in Presque Isle.

Compliance with all applicable State laws and regulation shall be deemed an additional requirement for issuance or denial of any license under this Ordinance, and noncompliance with State laws or regulations shall be grounds for revocation or suspension of any license issued hereunder.

E. Zoning

All applications for business subject to review by this ordinance shall be submitted to the CEO for initial review for conformance with the standards of this ordinance. Within 10 days of receipt of an application the CEO shall inform the applicant in writing in the event that the application is found to be incomplete.

Upon determining that an application is complete, the CEO shall approve or move the application on to the Planning Board for review where required in the Land Use Chart.

Applications requiring Planning Board approval shall be placed on the next regularly scheduled meeting of the Planning Board. Upon finding the application conforms with the standards within this ordinance the Planning Board shall approve the application and the CEO shall issue a permit.

F. A Certificate of Occupancy shall be issued by the Code Officer upon inspection of the premises and finding that the building or buildings are in compliance with applicable Building, Electrical, and Plumbing Codes adopted by the City of Presque Isle.

LAND USE CHART			
CLASSIFICATION	ALLOWABLE ZONES	PERMITTING AUTHORITY	MINIMUM LOT SIZE
Marijuana Store	B, RB, DRB, SC, AFF	CEO	None
Marijuana Manufacturing Facility	B, I, LI, AFF	PB	5 AC
Marijuana Testing Facility	B, I, LI, RO	CEO	None
Marijuana Cultivation Facility			
<i>Tier 1 0 to 500 SF mature canopy</i>	I, LI, AFF	PB	.25 AC
<i>Tier 2 501 to 2,000 SF mature canopy</i>	I, LI, AFF	PB	.5 AC
<i>Tier 3 2,000 to 7,000 SF mature canopy</i>	I, LI, AFF	PB	.5 AC
<i>Tier 4 > 7,000 SF mature canopy</i>	I, LI, AFF	PB	1 AC
Nursery - Marijuana Cultivation	I, LI, AFF	PB	1 AC

K. Enforcement

A. Violations

1. Any violation of this Ordinance, including failure to comply with any condition, may be enforced in accordance with 30-A M.R.S. §4452. Every day a violation exists constitutes a separate violation.
2. Commencement of any Marijuana Business without a City license for same shall be a violation of this Ordinance. Any party committing such a violation shall immediately cease operations, whether of a construction, renovation, or business nature, upon notification by the Code Enforcement Officer (CEO). Upon such CEO notification, the City can pursue fines and/or penalties under 30-A M.R.S. §4452.

B. Law Enforcement Officer ("LEO") and Code Enforcement

Law enforcement officers and the CEO may at any reasonable time conduct on-site inspections to ensure compliance with all applicable laws and conditions attached to license approvals and shall investigate all complaints of alleged violations of the Ordinance.

1. If the LEO or CEO finds that any provision of this Ordinance is being violated, they shall notify in writing the person responsible for such violation, indicating the nature of the violation and ordering the action necessary to correct it,

including but not limited to, discontinuance of illegal use of land, buildings, or structures, or work being done, removal of illegal buildings or structures, and abatement or mitigation of violations. A copy of such notices shall be submitted to the City Council and be maintained as a permanent record.

2. The LEO or CEO shall keep a complete record of all essential transactions of the LEO or CEO, including Marijuana license applications submitted, permits/licenses granted or denied, training certifications, revocation actions, revocation of permits/licenses, appeals, court actions, violations investigated, violations found, and fees collected.

C. Legal Actions

When the above notification and/or inspection actions do not result in the voluntary correction or abatement of the violation by the subject Marijuana Business, the City Council, upon receiving written notification from the LEO or CEO, may institute any and all actions and proceedings, either legal or equitable, including injunctions of violations and the impositions of penalties and/or fines in order to enforce the provisions of this Ordinance.

The City Council, or their authorized agent, are hereby authorized to enter into administrative consent agreements for the purpose of eliminating violations of this Ordinance and recovering fines without court action.

D. Penalties/Fines

Any person, including but not limited to, a Marijuana Business owner, a property owner where such business is located, or any agent or contractor for same, who orders or conducts any activity in violation of this Ordinance, or fails to comply with any of its requirements, shall be penalized in accordance with 30-A M.R.S. §4452. Fines of \$100.00 to \$5,000.00 per day, as levied by the City Council may result. All fines will be paid to the City of Presque Isle.

L. Training:

A. Individuals who sell marijuana and marijuana products, pursuant to a Marijuana Store business license, must complete responsible marijuana vendor sales practices training, if and when such training is available. This training may be completed online and an employee must be certified within 30 days of employment.

B. Recordkeeping.

Marijuana Store licensees shall maintain on the licensed premises, written records of the vendor training programs completed by individuals who sell marijuana and marijuana products and shall produce those records upon request by the CEO or LEO with the Presque Isle Police Department.

C. Failure to comply with the training requirements.

Failure to meet the training requirement imposed by L. A, may result in the denial/revocation of a Marijuana Business license.

M. Appeals:

If the City of Presque Isle fails to act on a person's request for local authorization to operate a marijuana establishment within the municipality within 90 days after the date the person submitted the request to the City, the request is deemed denied and the denial constitutes a final government action that may be appealed to the Superior Court in accordance with rule 80B of the Maine Rules of Civil Procedure, except that, if the City notifies the person in writing prior to the expiration of the 90-day period that the request cannot be processed prior to the 90-day period, the request is deemed denied and the denial constitutes a final government action only if the City fails to act on the request within 180 days after the date the person submitted the request to the City.

Schedule "A"

Schedule of Fees

The fee schedule of this Adult Use and Medical Marijuana Businesses Ordinance shall be reviewed and set annually each December by the Presque Isle City Council.

All applications must be submitted with a \$500.00 fee to be deemed complete.

Marijuana Store: Annual Operation License Fee:	\$2,500.00
Marijuana Manufacturing Facility: Annual Operation License Fee:	\$2,500.00
Marijuana Testing Facility: Annual Operation License Fee:	\$1,000.00
Adult Use Marijuana Cultivation:	
Tier 1: 0 to 500 SF of plant canopy: Annual Permit/Licensing Fee:	\$500.00
Tier 2: 501-2,000 SF of mature plant canopy: Annual License Fee:	\$3,000.00
Tier 3: 2,001-7,000 SF of mature plant canopy: Annual License Fee:	\$10,000.00
Tier 4: > than 7,000SF of mature plant canopy: Annual License Fee:	\$30,000.00
Medical Marijuana Cultivation: Annual Operation License Fee:	\$5,000.00
Adult Use Marijuana Nursery Cultivation: Annual License Fee:	\$350.00

The holder of a license for a Registered Caregiver Retail Store that complies with all applicable provisions of this Ordinance and the Presque Isle Zoning Ordinance may exchange their license for an Adult Use Marijuana Store license in the same location, provided they meet all requirements and standards to operate an Adult Use Marijuana Store. Said holder must file an application and pay a \$500.00 fee.

The holder of a license for a Adult Use Marijuana Store that complies with all applicable provisions of this Ordinance and the Presque Isle Zoning Ordinance may exchange their license for an Registered Caregiver Retail Store license in the same location, provided they meet all requirements and standards to operate an Adult Use Marijuana Store. Said holder must file an application and pay a \$500.00 fee.



CITY OF PRESQUE ISLE
12 SECOND STREET
PRESQUE ISLE, ME 04769
TEL: (207) 760-2703 OR (207) 760-2770
FAX: (207) 764-2501

E-MAIL: panderson@presqueisleme.us or ghowe@presqueisleme.us

APPLICATION FOR ADULT USE AND MEDICAL MARIJUANA BUSINESS

PLEASE FILL-OUT APPLICATION COMPLETELY

Date: _____ Permit No: _____

1. **Owner of Property:** (If more than one attach a separate page listing all owner's information, see section G.C., must be a Maine Resident) _____

Physical Location (number of street or road): _____

Mailing Address (if different from above): _____

Home Phone: _____ **Work Phone:** _____ **Cell Phone:** _____

E-Mail: _____

2. **Contractor:** _____ **Phone:** _____ **Cell Phone:** _____

3. **Zone** _____ **Map No.** _____ **Street No.** _____ **Lot No.** _____ **Lot Size.** _____ **Acre(s)** _____

4. **Existing use of Property:** _____

5. **Marijuana Business Classification:** _____

6. **Maine License Certification #:** _____

7. **Registered Business Name to be used:** _____

8. **PRIOR Criminal Conviction History of all Owners, Officers, Members, or Employee's :** (attach separate Pg. if necessary)

Criminal Activity: _____

Date: _____

Place: _____

Jurisdiction: _____

9. **Proof of Right, Title, or Interest Documentation:** (Attach as necessary) _____

PLEASE READ THE FOLLOWING CAREFULLY BEFORE SIGNING APPLICATION

"I hereby apply for a permit for a marijuana business. I agree, prior to starting any electrical or plumbing work, to secure permits from the electrical and plumbing inspector. I understand that there may be other permits required from other agencies that I must obtain before being allowed to operate. Under MRSA 25, Section 2357 and the City of Presque Isle's Land Use and Development Code a Certificate of Occupancy **MUST** be obtained before the business hereby permitted is used or occupied. I understand that this permit application may be denied if not complete. A complete application may include construction documents as required by the City of Presque Isle. ***I understand that if the above information is not accurate this application will be invalid, a Stop Work Order issued, and the City of Presque Isle could levy fines against me for giving false information.***"

Signature of Applicant

Date

CHECKLIST

All lines must be completed

	YES	NO	Not Applicable	CEO Initials
Application Fee Submitted:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
All Owners / Partners Listed:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Contractor Listed:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
License Type Listed:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Me License Certified:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Criminal History Listed:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Right, Title, Interest Verified:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Photo's Attached:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Driver's License Attached:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Sketch Attached:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
City Map Attached:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>

Standards

School Setback:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Marijuana Business Setback:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Security Standards:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Odor Plan:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Operating Plan:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Notices:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Signs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Police Dept. Approval:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Fire Dept. Approval:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>

*****Office Use Only*****

Date Application Received: _____ Date CEO / Planning Bd. Review: _____ Approved _____ Denied _____

Reason for Denial: _____

CEO Signature: _____

TOWN OF SOLON ADULT USE MARIJUANA RETAIL STORE ORDINANCE

DRAFT VERSION 8/19/2020

I. AUTHORITY

To regulate the location, licensing and operation of Adult Use Marijuana Retail Stores, as authorized by Title 28-B M.R.S. Marijuana Legalization Act, within the Town of Solon. The Town also reserves the right for additional siting and licensing requirements pursuant to Municipal Home Rule Authority (Title 30-A M.R.S. §3001).

II. PURPOSE

Persons or entities wishing to establish an Adult Use Marijuana Retail Store business within the Town of Solon shall first obtain a License from the Solon Board of Selectmen (hereinafter "the Municipal Officers") and shall be subject to the provisions of this Ordinance.

III. CONFLICT WITH OTHER ORDINANCES; SEVERABILITY

Whenever a provision of this Ordinance conflicts with or is inconsistent with other provisions of this Ordinance, or of any other ordinance, regulation or standard, the more restrictive provision shall apply.

IV. EFFECTIVE DATE

The effective date of this Ordinance shall be the date of adoption by the voters Town Meeting.

V. VALIDITY AND SEVERABILITY

Should any section or provision of this Ordinance be declared by any court to be invalid, such decision shall not invalidate any other section or provision of this Ordinance.

VI. DEFINITIONS

As used in this Ordinance, the terms below shall be defined as indicated. All other terms used in this Ordinance, if not defined below, shall have the same definition set forth in 28-B M.R.S. §102, as amended.

- A. Adult Use Marijuana Retail Store: Adult Use Marijuana Retail Store shall have the same meaning as a Marijuana Store as defined in 28-B M.R.S. §102(34).
- B. Applicant: Applicant means a natural person or business entity that submits an application for a License under this Ordinance for review that the Town has not yet approved or denied.
- C. License: License means a document issued by the Town officially authorizing an Applicant to operate an Adult Use Marijuana Retail Store.

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- D. Licensee: Licensee means a natural person or business entity licensed pursuant to this Ordinance to operate an Adult Use Marijuana Retail Store.
- E. Loitering: Means to stand or wait around idly or without apparent purpose.

VII. BUSINESS LICENSE APPLICATION

No person may establish, operate or maintain an Adult Use Marijuana Retail Store without first obtaining a License from the Solon Municipal Officers.

- A. An application shall be submitted to the Municipal Officers for site and business approval. An application shall be submitted for initial approval, annual renewal, change of use, and any change in ownership. A person seeking to assume an ownership interest in a license pursuant to this section must demonstrate to the Town compliance with all applicable requirements for licensure under this Ordinance.
- B. Before final approval is given on any License, the Applicant must present their conditional license from the State of Maine and, if so requested, any paperwork related to obtaining the conditional license from the State of Maine.
- C. Pursuant to M.R.S. 28-B §402 only two (2) Adult Use Marijuana Retail Stores are permitted in Solon. Whenever a license expires and is not renewed, or the Town declines to renew a license, other license applications may be reviewed, but the cap of licenses shall be maintained.
- D. Applicants for a License for each Adult Use Marijuana Retail Store cannot be related, be domiciled together, or owned by the same entity or ownership interest.
- E. Each Adult Use Marijuana Retail Store shall, at the least, meet the minimum state standards in effect at the time of the initial and each renewal application.
- F. Adult Use Marijuana Retail Stores can only be located on Route 201 (South Main Street) from the Madison town line north to a point one thousand (1,000) feet south of southerly property line of the Solon Fire Station/Town Office property (121 South Main Street) and on Route 201 (North Main Street) north of Falls Road to the Bingham Town Line. and on Route 201A (Ferry Street) starting at a point five hundred (500) feet west of the Route 201A and Route 201 intersection as measured from the center line of Route 201 to the Embden town line.
- G. Adult Use Marijuana Retail Stores cannot be in the same building or on the same property as any other Adult Use or Medical Marijuana Business.
- H. Adult Use Marijuana Retail Stores can only be open to the public between the hours of 9 a.m. and 9 p.m.
- I. No Loitering is allowed anywhere on the property of an Adult Use Marijuana Retail Store.
- J. No Adult Use Marijuana Retail Stores shall be within one thousand (1,000) feet of

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any public or private school, property used primarily for religious worship and related religious activities, state licensed day care facility, recreational areas designated for use by children up to eighteen (18) years in age, or safe zones as designated by the Municipal Officers as measured from the nearest door entrance of each property.

- K. All new principal and accessory structures, and expansions of existing structures, must be set back a minimum of twenty-five (25) feet from the side and rear property lines.
- L. The Adult Use Marijuana Retail Store premises shall be in complete compliance with all Municipal and State Codes and Regulations.
- M. Signage: All signage shall meet the requirements of the State of Maine and shall not be excessively attractive to children. Only one (1) free standing outside sign and one (1) sign on the exterior of the building are allowed on the property. Each sign cannot be more than 15 square feet in size. No exterior/outside electronic or digital signs are allowed. Proposed signage shall be submitted with application to the Municipal Officers and are subject to their approval. There shall be posted in a conspicuous location inside each Adult Use Marijuana Retail Store at least one legible sign containing the following information:
"The on-site consumption of marijuana is illegal; Open and public consumption of marijuana in the State of Maine is illegal; The use of marijuana or marijuana products may impair a person's ability to drive a car, operate machinery, or use a firearm; No one under the age of twenty-one (21) allowed; Loitering prohibited".
- N. Security, Safety, and Odor Control: Shall meet all the requirements of the pertinent State Rules and Regulations relating to an Adult Use Marijuana Retail Store.
- O. Permanent Location: Each Adult Use Marijuana Retail Store shall be operated from a permanent location. No retail store shall be permitted to operate from a movable, mobile, or transitory location. They may utilize telephone and internet orders as long as the buyer, on the day the order is made, pays for and picks up such orders in the store. Adult Use Marijuana Stores may not use vending machines for sales, may not have "drive-through" or "drive-up" window-serviced sales, and may not have internet-based sales with credit/debit card payment and delivery by USPS, UPS, Fed Ex, DHL, or any other global or local delivery service or courier.

VIII. APPLICATION AND LICENSE FEES

- A. All Applicants for a License shall file a Solon Marijuana Business Application Form in person to the Municipal Officers.
- B. All applications must be accompanied by a sketch showing the configuration of the subject premises, including building footprint, interior layout with floor space to be occupied by

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the business, and parking plan. The sketch must be drawn to scale with marked dimensions.

- C. All applications must be accompanied by a copy of the Town Tax Map depicting: the subject property lines and the property lines of other properties containing any existing Adult Use Marijuana or Medical Marijuana Businesses within one thousand (1,000) feet of the subject property; the property lines of any public or private school within one thousand (1,000) feet of the subject property; and/or property used primarily for religious worship and related religious activities, and/or property used for licensed daycare use under 10-148 CMR c.32, and/or recreational areas designated for use by children up to eighteen (18) years, in age, and/or areas designated as a municipal "safe zones" pursuant to 30-A M.R.S. §3253, within one thousand (1,000) feet of the subject property.
- D. All applications must be accompanied by description of their Security, Safety, and Odor Controls.
- E. All applications must be submitted with a \$250 nonrefundable initial application fee.
- F. The Applicant is responsible for all costs associated with holding a public hearing on their application and must pay those fees prior to holding that public hearing.
- G. If an application is approved, the appropriate license fees must be paid before the Town will issue a License.
- H. Adult Use Marijuana Retail Stores Annual License Fee: \$1,250
- I. Each License is valid for one (1) year from date of issue.
- J. The Municipal Officers have the authority to revise these fees at any time by adopting or amending an addendum to this Ordinance.

IX. ISSUANCE RULES

- A. Applications will be reviewed in the order the completed applications are received. An application shall be considered complete when it contains the information and/or other items required on the application, accompanied by the nonrefundable initial application fee. Once the approved limit of facilities in a category have been awarded, no more applications will be approved in that category.
- B. The Municipal Officers shall have the authority to impose any conditions on a License that may be necessary to ensure compliance with the requirements of this Ordinance or to address concerns about operations that may be resolved through the conditions. The failure to comply with such conditions shall be considered a violation of the License.
- C. No License shall be granted by the Municipal Officers until the fire chief and the code enforcement officer/health inspector have made their recommendation upon the Applicant's ability to comply with this Ordinance. Whenever inspections of the premises used for or in connection with the operation of a licensed business are provided for or

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required by ordinance or state law, or are reasonably necessary to secure compliance with any ordinance provision or state law, it shall be the duty of the applicant or licensee, or the person in charge of the premises to be inspected, to admit any officer, official, or employee of the town authorized to make the inspection at any reasonable time that admission is requested.

- D. Upon the filing of a completed application and successfully passing the required inspection, the Municipal Officers shall schedule a public hearing on the application to occur within 30 days. The Municipal Officers shall provide written notice of the public hearing to the Applicant within seven days of the filing of a completed application.
- E. At the public hearing on the application, the Municipal Officers shall take testimony of the Applicant and any interested members of the public. The hearing shall focus upon the criteria for issuance of a License.
- F. The Municipal Officers shall issue to the Applicant written notice of its decision to grant or deny the License. If the Municipal Officers deny the License, the written notice shall set forth their reasons for the denial. The Municipal Officers shall grant a License unless it finds that the issuance of the License would be detrimental to public health, safety or welfare, as demonstrated by the following criteria:
 - 1. An Applicant is less than 21 years of age.
 - 2. An Applicant has failed to provide information required by this Ordinance for issuance of a License or has falsely answered a question or request for information on the application form.
 - 3. The establishment is in a location where an Adult Use Marijuana Retail Store is not permitted.
 - 4. The number of establishments for the specific category has already been met.
 - 5. The requirements in Section VII of this ordinance have not all been met.
 - 6. Any establishment in which an Applicant has had an ownership interest, that has in the previous five years and at a time during which the Applicant had the ownership interest:
 - a. Been declared by a court of law to be a nuisance; or been subject to an order of closure.
 - b. Been convicted of or pled guilty or nolo contendere to a specified criminal activity.
 - 7. A Licensee or member, manager, director, officer of a Licensee who has had a license for an adult use marijuana establishment and/or medical marijuana establishment revoked by the Town or by the state.
 - 8. An Applicant who has not acquired all necessary state approvals and licenses and other required local approvals prior to the issuance of a License.

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- G. The Town may suspend or revoke a License for any violation of this Ordinance or any other applicable building and life safety code requirements.
- H. The Town may suspend or revoke a License if the Licensee has a state license for any adult use and/or medical marijuana establishment suspended or revoked by the state.
- I. The Licensee shall be entitled to notice and a hearing prior to any suspension or revocation.
- J. The License, if granted, shall state on its face the name of the person, persons or entity to whom it is granted, the number of the License issued to the Licensee(s), the expiration date, and the address of the business. The License shall be posted in a conspicuous place at or near the entrance to the business so that it may be read at any time that the business is occupied by patrons or is open to the public.
- K. Every Licensee shall submit emergency contact information to the Municipal Officers who will share it with other appropriate officials and agencies.
- L. A license renewal application shall be subject to the same review standards as applied to the initial issuance of the License and the same notice requirement as a new application. The renewal application must be received by the Municipal Officers 15 days prior to the expiration date the current license. As part of the renewal process, the Municipal Officers shall consider compliance from prior years, and based upon that review, may add conditions to any future license to correct, abate or limit past problems.
- M. Licenses issued under this Ordinance are nontransferable to different Licensees.

X. RIGHT OF ACCESS/BACKGROUND CHECKS/INSPECTION

Every Adult Use Marijuana Retail Store shall allow municipal officers, fire chief or his appointed inspector, State Fire Marshall official, code enforcement, and law enforcement officers to enter the premises at reasonable times for the purpose of checking compliance with all applicable State laws and this Ordinance.

XI. INDEMNIFICATION

- A. By accepting a License issued pursuant to this Ordinance, the Licensee waives and releases the Town, its officers, elected officials, employees, attorneys, and agents from any liability for injuries, damages, or liabilities of any kind that result from any arrest or prosecution of any Licensees, operators, employees, clients, or customers for a violation of , State or federal laws, rules, or regulations.
- B. By accepting a License issued pursuant to this Ordinance, the Licensee agrees to indemnify, defend, and hold harmless the Town, its officers, elected officials, employees, attorneys, agents, and insurers against all liability, claims, and demands

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on account of any injury, loss or damage, including without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever arising out of or in any manner connected with the operation of a Licensed Adult Use Marijuana Retail Store.

XII. STATE LAW

- A. In the event the State of Maine adopts any additional or stricter law or regulation governing Adult Use Marijuana, the additional or stricter regulation shall control the establishment or operation of any Adult Use Marijuana Retail Store in Solon.
- B. Compliance with 28-B M.R.S. §101 *et seq.* and any other applicable State laws or regulations shall be deemed an additional requirement for issuance or denial of any license under this Ordinance, and noncompliance with 28-B M.R.S. §101 *et seq.* and any other applicable State law or regulation shall be grounds for revocation or suspension of any license issued hereunder.

XIII. ENFORCEMENT

A. Violations

- 1. Any violation of this Ordinance, including failure to comply with any condition, shall be deemed to be a violation of 30-A M.R.S. §4452.
- 2. Each day of violation constitutes a separate offense.
- 3. Operating any Adult Use Marijuana Retail Store without a Town License for same shall be a violation of this Ordinance. Any party committing such a violation shall immediately cease operations, whether of a construction, renovation, or business nature, upon notification by the Municipal Officers. Upon such notification, the Town can pursue fines and/or penalties under 30-A M.R.S. §4452 and report it to the proper authorities.

B. Code Enforcement Officer (CEO)

- 1. If the CEO finds that any provision of this Ordinance is being violated, the CEO shall notify in writing the person responsible for such violation, indicating the nature of the violation and ordering the action necessary to correct it, including but not limited to, discontinuance of illegal use of land, buildings, or structures, or work being done, removal of illegal buildings or structures, and abatement or mitigation of violations. A copy of such notices shall be submitted to the Municipal Officers and be maintained as a permanent record.
- 2. The Municipal Officers shall keep a complete record of all essential transactions, including applications submitted, Licenses granted or denied, revocation actions, revocation of Licenses, appeals, court actions, violations investigated, violations

ADULT USE MARIJUANA RETAIL STORE ORDINANCE
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found and fees collected.

C. Law Enforcement Officers

Law enforcement officers may at any reasonable time conduct on-site inspections to ensure compliance with all applicable laws and conditions attached to License approvals, and shall investigate all complaints of alleged violations of the Ordinance.

D. Legal Actions

When the above notification and/or inspection actions do not result in the voluntary correction or abatement of the violation by the subject Adult Use Marijuana Retail Store, the Municipal Officers, upon receiving written notification from the CEO, shall institute any and all actions and proceedings, either legal or equitable, including injunctions of violations and the impositions of penalties and/or fines in order to enforce the provisions of this Ordinance. The Municipal Officers, or their authorized agent, are hereby authorized to enter into administrative consent agreements for the purpose of eliminating violations of this Ordinance and recovering fines without court action.

E. Penalties/Fines

1. Any person, including but not limited to an Adult Use Marijuana Retail Store owner, a property-owner where such business is located, or any agent or contractor for same, who orders or conducts any activity in violation of this Ordinance, or fails to comply with any of its requirements, shall be penalized in accordance with 30-A M.R.S. §4452.
2. There shall be a fine of up to \$500 per day for each day that the violation continues.

XIV. AMENDMENTS

This Ordinance may be amended at any time after a Public hearing and a majority vote at a Town Meeting on the proposed amendment.

TOWN OF SOLON MEDICAL MARIJUANA BUSINESS ORDINANCE

8/19/2020 version

I. AUTHORITY

To regulate the location, licensing and operation of Medical Marijuana Businesses, as authorized by Maine's Medical Marijuana laws and regulations including but not limited to Title 22 M.R.S. § 2421 *et seq.* as amended within the Town of Solon. The Town also reserves the right for additional siting and licensing requirements pursuant to Municipal Home Rule Authority (Title 30-A M.R.S. § 3001).

II. PURPOSE

Persons or entities wishing to establish a Medical Marijuana Business within the Town of Solon shall first obtain a License from the Solon Board of Selectmen (hereinafter "the Municipal Officers") and shall be subject to the provisions of this Ordinance.

III. CONFLICT WITH OTHER ORDINANCES; SEVERABILITY

Whenever a provision of this ordinance conflicts with or is inconsistent with other provisions of this Ordinance, or of any other ordinance, regulation or standard, the more restrictive provision shall apply.

IV. EFFECTIVE DATE

The effective date of this Ordinance shall be the date of adoption by the voters at a Town Meeting.

V. VALIDITY AND SEVERABILITY

Should any section or provision of this Ordinance be declared by any court to be invalid, such decision shall not invalidate any other section or provision of this Ordinance.

VI. DEFINITIONS

As used in this Ordinance, the terms below shall be defined as indicated. All other terms used in this Ordinance, if not defined below, shall have the same definition set forth in 22 M.R.S. §2422, as amended.

- A. Applicant: Applicant means a natural person or business entity that submits an application for a License under this Ordinance for review that the Town has not yet approved or denied.
- B. License: License means a document issued by the Town officially authorizing an Applicant to operate a Medical Marijuana Business.
- C. Licensee: Licensee means a natural person or business entity licensed pursuant to this Ordinance to operate a Medical Marijuana Business.

MEDICAL MARIJUANA BUSINESS ORDINANCE

8/19/2020 version

- D. Loitering: Means to stand or wait around idly or without apparent purpose.
- E. Medical Marijuana Business: Medical Marijuana Business means a Registered Caregiver, Caregiver Retail Store, Registered Dispensary, Medical Marijuana Testing Facility, or Medical Marijuana Manufacturing Facility licensed by the Town.

VII. BUSINESS LICENSE APPLICATION

No person may establish, operate or maintain a Medical Marijuana Business without first obtaining a License from the Solon Municipal Officers.

- A. An application for a License shall be submitted to the Municipal Officers for site and business approval specifying the category of the business for which the applicant is filing. An application shall be submitted for initial approval, annual renewal, and change of use.
- B. Before final approval is given on any License, the Applicant must present their caregiver registration from the State of Maine and any state license or approval if required by the state.
- C. Pursuant to 22 M.R.S. §2429-D only two (2) Caregiver Retail Stores, two (2) Medical Marijuana Testing Facilities for either medical marijuana or adult use marijuana, and one (1) Medical Marijuana Manufacturing Facility shall be allowed to operate at one time in Solon. Whenever a license expires and is not renewed, or the Town declines to renew a License, other applications may be reviewed, but the cap of licenses shall be maintained.
- D. Applicants for a License within each separate category cannot be related, be domiciled together, or be owned by the same entity or ownership interest.
- E. Each Medical Marijuana Business shall, at the least, meet the minimum state standards in effect for their category of business at the time of the initial and each renewal application.
- F. Caregiver Retail Stores can only be located on Route 201 (South Main Street) from the Madison town line north to a point one thousand (1,000) feet south of southerly property line of the Solon Fire Station/Town Office property at 121 South Main Street (Tax Map R4 Lot 13) and on Route 201 (North Main Street) north of Falls Road to the Bingham Town Line and on Route 201A (Ferry Street) starting at a point five hundred (500) feet west of the Route 201A and Route 201 intersection as measured from the center line of Route 201 to the Embden town line.
- G. No Registered Caregiver, Medical Marijuana Testing Facility, or Medical Marijuana Manufacturing Facility shall be located on Route 201 (South Main Street) from a point one thousand (1,000) feet south of southerly property line of the Solon Fire

MEDICAL MARIJUANA BUSINESS ORDINANCE

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Station/Town Office property at 121 South Main Street (Tax Map R4 Lot 13) north to the intersection of Route 201 (North Main Street) and Falls Road and on Ferry Street from the intersection of Route 201 and Route 201A (Ferry Street) to a point five hundred (500) feet west of said intersection as measured from the center line of Route 201. Nor shall they be allowed within one thousand (1,000) feet of any public or private school, property used primarily for religious worship and related religious activities, state licensed day care facility, recreational areas designated for use by children up to eighteen (18) years in age, or safe zones as designated by the Municipal Officers as measured from the nearest door entrance of each property.

- H. Caregiver Retail Stores can only be open to the public between the hours of 9 a.m. and 9 p.m.
- I. No Loitering is allowed anywhere on the property of a Medical Marijuana Business.
- J. Registered Caregiver activities, Medical Marijuana Manufacturing, and Medical Marijuana Testing is only allowed to be conducted indoors. All activities must be in an enclosed building with, at the least, meeting the minimum state required regulations in effect at the time of the initial and each renewal application.
- K. All new principal and accessory structures, and expansions of existing structures, must comply with the following minimum set back requirements from the side and rear property lines:
 - 1. Registered Caregiver and Caregiver Retail Stores: twenty-five (25) feet
 - 2. Medical Marijuana Testing Facilities: fifty (50) feet
 - 3. Medical Marijuana Manufacturing Facilities: one hundred (100) feet
- L. The medical marijuana premises shall be in complete compliance with all Municipal and State Codes and Regulations.
- M. Signage: All signage shall meet the requirements of the State of Maine and shall not be excessively attractive to children. Only one (1) free standing outside sign and one (1) sign on the exterior of the building are allowed on the property. Each sign cannot be more than 15 square feet in size. No exterior/outside electronic or digital signs are allowed. Proposed signage shall be submitted with the application to the Municipal Officers and is subject to their approval. There shall also be posted in a conspicuous location inside each Medical Marijuana Retail Store at least one legible sign containing the following information:

"The on-site consumption of marijuana is illegal; Open and public consumption of marijuana in the State of Maine is illegal; The use of marijuana or marijuana products may impair a person's ability to drive a car, operate machinery, or use a firearm; No one under the age of twenty-one (21) allowed, except a minor with a

MEDICAL MARIJUANA BUSINESS ORDINANCE

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Medical Marijuana Card; Loitering prohibited".

- N. Security, Safety, and Odor Control: Shall meet all the requirements of the pertinent State Rules and Regulations relating to that specific Medical Marijuana Business.
- O. Each Caregiver Retail Store shall be operated from a permanent location. No Caregiver Retail Store shall be permitted to operate from a movable, mobile, or transitory location. They may utilize telephone and internet orders as long as the buyer, on the day the order is made, pays for and picks up such orders in the store. Caregiver Retail Stores may not use vending machines for sales, may not have "drive-through" or "drive-up" window-serviced sales, and may not have internet-based sales with credit/debit card payment and delivery by USPS, UPS, Fed Ex, DHL, or any other global or local delivery service or courier.

VIII. APPLICATION AND LICENSE FEES

- A. All applicants for a Medical Marijuana Business License shall file a Solon Marijuana Business Application Form in person to the Municipal Officers.
- B. All applications must be accompanied by a sketch showing the configuration of the subject premises, including building footprint, interior layout with floor space to be occupied by the business, and parking plan. The sketch must be drawn to scale with marked dimensions.
- C. All applications for a Medical Marijuana Business License must be accompanied by a copy of the Town Tax Map depicting: the subject property lines and the property lines of other properties containing any existing Adult Use Marijuana or Medical Marijuana Businesses within one thousand (1,000) feet of the subject property; the property lines of any public or private school within one thousand (1,000) feet of the subject property; and/or property used primarily for religious worship and related religious activities, and/or property used for licensed daycare use under 10-148 CMR c.32, and/or recreational areas designated for use by children up to eighteen (18) years, in age, and/or areas designated as a municipal "safe zones" pursuant to 30-A M.R.S. §3253, within one thousand (1,000) feet of the subject property.
- D. All applications must be accompanied by description of their Security, Safety, and Odor Controls.
- E. A separate application form and fee are required for each category the applicant is requesting approval.
- F. All applications must be submitted with a \$250 nonrefundable initial application fee.
- G. The applicant is responsible for all costs associated with holding a public hearing on their application and must pay those fees prior to holding that public hearing.

MEDICAL MARIJUANA BUSINESS ORDINANCE

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H. If an application is approved, the following license fees must be paid before the Town will issue a License.

- | | |
|---|---------|
| 1. Registered Caregiver Annual License Fee: | \$ 250 |
| 2. Caregiver Retail Store Annual License Fee: | \$1,250 |
| 3. Medical Marijuana Manufacturing Facility Annual License Fee: | \$1,250 |
| 4. Marijuana Testing Facility: Annual License Fee: | \$ 500 |

I. Each license is valid for one (1) year from date of issue.

J. The Municipal Officers have the authority to revise these fees at any time by adopting or amending an addendum to this ordinance.

IX. ISSUANCE RULES

- A. Applications will be reviewed in the order the completed applications are received. An application shall be considered complete when it contains the information and/or other items required on the application, accompanied by the nonrefundable initial application fee. Once the approved limit of facilities in a category have been awarded, no more applications will be approved in that category.
- B. The Municipal Officers shall have the authority to impose any conditions on a License that may be necessary to ensure compliance with the requirements of this ordinance or to address concerns about operations that may be resolved through the conditions. The failure to comply with such conditions shall be considered a violation of the License.
- C. No License shall be granted by the Municipal Officers until the fire chief and the code enforcement officer/health inspector have made their recommendation upon the Applicant's ability to comply with this ordinance. Whenever inspections of the premises used for or in connection with the operation of a licensed business are provided for or required by ordinance or state law, or are reasonably necessary to secure compliance with any ordinance provision or state law, it shall be the duty of the applicant or licensee, or the person in charge of the premises to be inspected, to admit any officer, official, or employee of the town authorized to make the inspection at any reasonable time that admission is requested.
- D. Upon the filing of a completed application and successfully passing the required inspection, the Municipal Officers shall schedule a public hearing on the application to occur within 30 days. The Municipal Officers shall provide written notice of the public hearing to the applicant within seven days of the filing of a completed application.
- E. At the public hearing on the application, the Municipal Officers shall take testimony of the Applicant and any interested members of the public. The hearing shall focus upon the criteria for issuance of a License.

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- F. The Municipal Officers shall issue to the Applicant written notice of its decision to grant or deny the License. If the Municipal Officers deny the License, the written notice shall set forth their reasons for the denial. The Municipal Officers shall grant a License unless it finds that the issuance of the License would be detrimental to public health, safety or welfare, as demonstrated by the following criteria:
1. An Applicant is less than 21 years of age.
 2. An Applicant has failed to provide information required by this Ordinance for issuance of a license or has falsely answered a question or request for information on the application form.
 3. The establishment is in a location where a Medical Marijuana Business is not permitted.
 4. The number of establishments for the specific category has already been met.
 5. The requirements in Section VII of this ordinance have not all been met.
 6. Any establishment in which an Applicant has had an ownership interest, that has in the previous five years and at a time during which the applicant had the ownership interest:
 - a. Been declared by a court of law to be a nuisance; or been subject to an order of closure.
 - b. Been convicted of or pled guilty or nolo contendere to a specified criminal activity.
 7. A Licensee or member, manager, director, officer of a Licensee who has had a license for an adult use marijuana establishment and/or medical marijuana establishment revoked by the Town or by the state.
 8. An Applicant who has not acquired all necessary state approvals and licenses and other required local approvals prior to the issuance of a License.
- G. The Town may suspend or revoke a License for any violation of this ordinance or any other applicable building and life safety code requirements.
- H. The Town may suspend or revoke a License if the Licensee has a state license for any adult use marijuana establishment and/or medical marijuana establishment suspended or revoked by the state.
- I. The Licensee shall be entitled to notice and a hearing prior to any suspension or revocation.
- J. The License, if granted, shall state on its face the name of the person, persons or entity to whom it is granted, the number of the License issued to the Licensee(s), the expiration date, and the address of the business. The License shall be posted in a conspicuous place at or near the entrance to the business so that it may be read at any

MEDICAL MARIJUANA BUSINESS ORDINANCE

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time that the business is occupied by patrons or is open to the public.

- K. Every Licensee shall submit emergency contact information to the Municipal Officers who will share it with other appropriate officials and agencies.
- L. A license renewal application shall be subject to the same review standards as applied to the initial issuance of the License and the same notice requirement as a new application. The renewal application must be received by the Municipal Officers at least 15 days prior to the expiration date the current License. As part of the renewal process, the Municipal Officers shall consider compliance from prior years, and based upon that review, may add conditions to any future License to correct, abate or limit past problems.
- M. Licenses issued under this Ordinance are nontransferable to different Licensees.

X. RIGHT OF ACCESS/BACKGROUND CHECKS/INSPECTION

Every Medical Marijuana business shall allow municipal officers, fire chief or his appointed inspector, State Fire Marshall official, code enforcement, and law enforcement officers to enter the premises at reasonable times for the purpose of checking compliance with all applicable State laws and this Ordinance.

XI. INDEMNIFICATION

- A. By accepting a License issued pursuant to this Ordinance, the licensee waives and releases the Town, its officers, elected officials, employees, attorneys, and agents from any liability for injuries, damages, or liabilities of any kind that result from any arrest or prosecution of any Medical Marijuana Business Licensees, operators, employees, clients, or customers for a violation of local, State or federal laws, rules, or regulations.
- B. By accepting a License issued pursuant to this Ordinance, the Licensee agrees to indemnify, defend, and hold harmless the Town, its officers, elected officials, employees, attorneys, agents, and insurers against all liability, claims, and demands on account of any injury, loss or damage, including without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever arising out of or in any manner connected with the operation of a Licensed Medical Marijuana Business.

XII. STATE LAW

- A. In the event the State of Maine adopts any additional or stricter law or regulation governing Medical Marijuana, the additional or stricter regulation shall control the

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establishment or operation of any Medical Marijuana Business in Solon.

- B. Compliance with 22 M.R.S. §2421 *et seq.* and any other applicable State laws or regulations shall be deemed an additional requirement for issuance or denial of any license under this Ordinance, and noncompliance with 22 M.R.S. §2421 *et seq.* and any other applicable State law or regulation shall be grounds for revocation or suspension of any license issued hereunder.

XIII. ENFORCEMENT

A. Violations

1. Any violation of this Ordinance, including failure to comply with any condition, shall be deemed to be a violation of 30-A M.R.S. §4452.
2. Each day of violation constitutes a separate offense.
3. Operating any Medical Marijuana Business without a Town License for same shall be a violation of this Ordinance. Any party committing such a violation shall immediately cease operations, whether of a construction, renovation, or business nature, upon notification by the Municipal Officers. Upon such notification, the Town can pursue fines and/or penalties under 30-A M.R.S. §4452 and report it to the proper authorities.

B. Code Enforcement Officer (CEO)

1. If the CEO finds that any provision of this Ordinance is being violated, the CEO shall notify in writing the person responsible for such violation, indicating the nature of the violation and ordering the action necessary to correct it, including but not limited to, discontinuance of illegal use of land, buildings, or structures, or work being done, removal of illegal buildings or structures, and abatement or mitigation of violations. A copy of such notices shall be submitted to the Municipal Officers and be maintained as a permanent record.
2. The Municipal Officers shall keep a complete record of all essential transactions, including applications submitted, licenses granted or denied, revocation actions, revocation of licenses, appeals, court actions, violations investigated, violations found and fees collected.

C. Law Enforcement Officers

Law enforcement officers may at any reasonable time conduct on-site inspections to ensure compliance with all applicable laws and conditions attached to License approvals, and shall investigate all complaints of alleged violations of the Ordinance.

D. Legal Actions

When the above notification and/or inspection actions do not result in the voluntary

MEDICAL MARIJUANA BUSINESS ORDINANCE

8/19/2020 version

correction or abatement of the violation by the subject Medical Marijuana business, the Municipal Officers, upon receiving written notification from the CEO, shall institute any and all actions and proceedings, either legal or equitable, including injunctions of violations and the impositions of penalties and/or fines in order to enforce the provisions of this Ordinance. The Municipal Officers, or their authorized agent, are hereby authorized to enter into administrative consent agreements for the purpose of eliminating violations of this Ordinance and recovering fines without court action.

E. Penalties/Fines

1. Any person, including but not limited to, a Medical Marijuana business owner, a property-owner where such business is located, or any agent or contractor for same, who orders or conducts any activity in violation of this Ordinance, or fails to comply with any of its requirements, shall be penalized in accordance with 30-A M.R.S. §4452.
2. There shall be a fine of up to \$500 per day for each day that the violation continues.

XIV. AMENDMENTS

This ordinance may be amended at any time after a Public hearing and a majority vote at a Town Meeting on the proposed amendment.

Adult Use Marijuana Program

January 1, 2020 – December 31, 2020

Annual Report to the Maine State Legislature

Maine Department of Administrative and Financial Services
Office of Marijuana Policy

February 2021

Background

The Office of Marijuana Policy (OMP) was established within the Department of Administrative and Financial Services on February 4, 2019. This significant milestone—occurring one month after Governor Mills was sworn into office—was the first concrete step towards implementing the voter-approved and legislatively-amended Marijuana Legalization Act.

One of the first tasks the Office undertook was to develop a mission statement, a vision statement, and five guiding principles to define what OMP aimed to accomplish as the newest agency of state government. If you are not familiar with them, you can view them on our website: <https://www.maine.gov/dafs/omp/about/mission-vision-values>.

There are several key themes contained in our mission, vision, and values. Most notable among these are protecting the public's health and safety, the importance of transparency and communication, and the goal of developing a good faith partnership with those we license and regulate.

Since our creation, OMP has worked diligently to foster an environment of mutual respect. The Office has aimed to listen and be respectful to anyone with ideas that may contribute to the success of Maine's marijuana programs. Most importantly, we have kept our promises to a public and industry that waited nearly four years for an avenue to legally access and sell adult use marijuana and marijuana products.

For example, in early 2019, OMP committed to submitting administrative rules for the Adult Use Marijuana Program (AUMP) to the legislature before their scheduled adjournment in June. We did. With that important step complete, OMP operationalized those rules and promised to begin accepting adult use applications by the end of 2019. We did. With that key milestone successfully attained, the Office's attention shifted to launching Maine's adult use industry in spring 2020.

OMP announced the issuance of Maine's first conditional licenses for adult use marijuana establishments in early March 2020, just as the world was coming to terms with the then-emerging global health pandemic. In response to COVID-19, several communities preparing for local authorization and to opt-in for adult use postponed those actions due to closed city halls, canceled town meetings, and delayed planning board and council meetings. In April, citing the ongoing pandemic and sheer amount of unknowns, OMP decided to indefinitely postpone the launch of the adult use program.

While this decision marked the first time OMP was unable to keep a promise to the public, and the first delay related to the implementation of the adult use program, the Office understood that its ongoing commitment to the public's health and safety superseded any internal goal for introducing this new industry.

Throughout the spring and summer months, OMP staff worked closely with industry stakeholders and municipal partners, particularly as it related to local approval and licensure of marijuana testing facilities. In addition, the Office collaborated with the Maine Department of Economic and Community Development (DECD) and the Maine Department of Health and Human Services' Center for Disease Control and Prevention (Maine CDC) to develop COVID-19 protocols for adult use licensees to follow. The result was a checklist that provided important public health guidance and business considerations for both public and non-public facing establishments.

Following the completion of these efforts, in August, OMP announced two specific dates relating to the launch of the adult use program:

- 1.) The first batch of adult use active licenses being issued on September 8, 2020.
- 2.) Retail sales to consumers 21 years of age or older beginning on October 9, 2020.

To ensure the debut of Maine's adult use industry went as planned, OMP facilitated conversations between retail shops and local law enforcement to coordinate their approach to the opening of their businesses. We encouraged these business owners to designate key points of contact for their openings, share non-public contact information with OMP staff and local law enforcement, and to utilize local law enforcement as a resource to assist in managing traffic and large crowds, particularly as it related to concerns resulting from the ongoing health pandemic.

OMP field investigators also conducted pre-license compliance inspections with licensees to ensure their establishments complied with the safety and security requirements of the AUMP statute and rule. We also used these interactions as an opportunity to better understand the plans and contingencies these businesses had in place to manage crowds, lines, traffic, and more to mitigate any potential threat to public health.

As the adult use launch neared, the Office drew attention to these efforts in media availabilities, while using interviews with members of the media to stress the importance of interested consumers wearing face coverings, observing appropriate social distancing, and encouraging them to demonstrate patience with marijuana retailers as they implemented safety measures necessitated by the health pandemic. OMP appreciated the commitment our licensees demonstrated to enact COVID-related protocols to ensure a safe launch and their ongoing commitment to these efforts.

OMP is pleased to report that the adult use system continues to operate as planned, testing capacity remains more than adequate, and only minor adjustments have been needed from a regulatory perspective to ensure the continued success of Maine's newest commercial industry.

For further information, please contact:

Adult Use Marijuana Program
Office of Marijuana Policy
Department of Administrative and Financial
Services
162 State House Station
Augusta, ME 04333-0162
(207) 287-3282
<https://www.maine.gov/dafs/omp>

Erik Gundersen
Director, Office of Marijuana Policy
erik.gundersen@maine.gov

Scott Lever
Deputy Director, Office of Marijuana Policy
scott.lever@maine.gov

The rules and statute governing the AUMP may be found at:

- Adult Use Marijuana: Title 28-B
- Rules: 18-691 C.M.R. ch. 1
- Rules: 18-691 C.M.R. ch. 3
- Rules: 18-691 C.M.R. ch. 5

Executive Summary

In accordance with 28-B M.R.S. § 113(1), the Department shall submit to the joint standing committee of the Legislature having jurisdiction over adult use marijuana matters, an annual report that contains, at a minimum:

- The number of applications for each type of license submitted to the department including, if applicable, the number of applications for license renewals, and the number of each type of license conditionally approved by the department;
- The total number of each type of active license issued by the department following local authorization of a conditionally approved licensee;
- The total square footage of plant canopy approved by the department for active cultivation facilities, the percentage of active cultivation facility licenses by cultivation tier and, if applicable, the number of approved increases in the maximum plant canopy allowed under a tier 4 cultivation facility;
- The total amount of application fees and license fees collected, and the total amount of the excise and sales tax revenue collected on the sale of adult use marijuana and adult use marijuana products;
- An overview of current adult use marijuana-related staffing at the department and the cost to the department to regulate the adult use marijuana industry in the State during the prior fiscal year and cost projections for the upcoming fiscal year;
- The total reported volume and value of adult use marijuana cultivated and sold by all cultivation facilities, when available;
- The total reported volume and value of adult use marijuana and adult use marijuana products sold by all marijuana stores, when available;
- The number of inspections of the licensed premises of licensees performed by the department and the results of those inspections, including, but not limited to, the number of inspections resulting in license violations and the percentage of all licensees inspected;
- The number of license violations committed by licensees and a breakdown of those violations into specific categories based on the type of violation and the outcome of the violation, including, but not limited to, the total amount of monetary penalties imposed and collected by the department and the percentage of total license violations resulting in the imposition of a monetary penalty, license suspension or license revocation;
- Public health and safety data collected, received or analyzed by the department; and
- Recommendations, including any suggested legislation, to address any issues with the regulation of the adult use marijuana industry in the State encountered by the department.

The data in this report reflects calendar year periods unless otherwise noted.

Licensing Applications

All principals of a licensed marijuana establishment and individuals working in or for a licensed marijuana establishment who possess, cultivate, manufacture, package, test, dispense, transfer, serve, handle, or transport marijuana or marijuana products are required to have an OMP-issued Individual Identification Card (IIC).

IIC applications are available through the InforME online application portal. Approximately 97.5 percent of applicants applied via the online portal, with a select number of applicants requesting paper applications. Late in 2020, OMP began receiving their first renewal applications. A total of 9.8 percent of the IIC applications submitted prior to the conclusion of 2020 were renewals.

Many of the submitted applications are still in process, usually pending receipt of additional information. Through 2020, OMP has only denied four IIC applications; however, many more are abandoned by individuals whose employment plans have changed or who do not complete their submission in a timely manner. A total of 1,514 applications were approved in 2020, with 10.96 percent of approved applicants residing out-of-state.

	Submitted	Approved
Individual Identification Card (IIC)	2,016	1,514

Marijuana Testing Facility applications were available via printable applications on the OMP website. As of December 31, 2020, three testing facilities have applied to become licensed with OMP. In addition to these three establishments, several other testing facilities are actively exploring the required certification process with the Maine CDC. At the conclusion of 2020, OMP had one adult use marijuana testing facility operating with an active license. A second testing facility received their active license in January 2021. OMP continues to engage in discussions and meetings with prospective testing facility operators to better understand their plans, potential challenges they face, and how OMP can assist them in navigating the application process.

Marijuana cultivation, manufacturing and store applications were available through the InforME online application portal throughout 2020. As of December 31, 2020, a total of 450 applications had been received across all license types.

	Submitted
Testing Facility	3
Cultivation – Nursery	8
Cultivation – Tier 1 (Canopy)	9
Cultivation – Tier 1 (Plant Count)	8
Cultivation – Tier 2	55
Cultivation – Tier 3	62
Cultivation – Tier 4	35

Products Manufacturing	67
Retail Store	203
Total	450

Status of Establishment Licenses

At its highest level, the process of becoming licensed in the AUMP takes three steps: 1.) Conditional Licensure, 2.) Local Authorization, and 3.) Active Licensure.

This approach was designed by the legislature to ensure that prospective adult use licensees would be vetted by OMP prior to receiving approval from a host community. This ensures that our state's municipalities have the benefit of reviewing the material that led to OMP's conditional licensure before acting at the local level. Once local authorization is obtained, a prospective licensee returns to OMP to obtain an active license.

A licensee that has been issued a conditional license by the department may not engage in the cultivation, manufacture, testing or sale of adult use marijuana or adult use marijuana products until the department has issued an active license.

As of December 31, 2020, there were 266 licensees that had obtained a conditional license from OMP, 52 that obtained local authorization from a host municipality, and 39 that obtained active licenses.

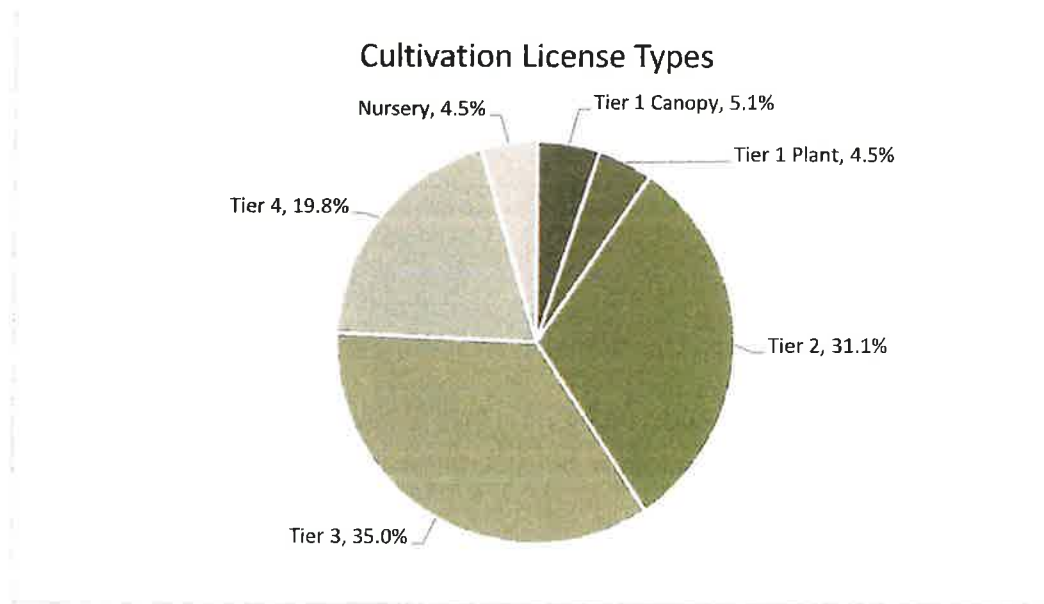
	Conditional	Conditional, Jurisdiction Approved	Active	Total
Testing Facility	0	2	1	3
Cultivation – Nursery	3	1	0	4
Cultivation – Tier 1 (Canopy)	5	0	0	5
Cultivation – Tier 1 (Plant Count)	3	2	0	5
Cultivation – Tier 2	32	4	6	42
Cultivation – Tier 3	31	9	7	47
Cultivation – Tier 4	16	5	1	22
Products Manufacturing	36	11	9	56
Store	140	18	15	173
Total	266	52	39	357

Industry Capacity

As of December 31, 2020, there were 14 cultivation establishments with active licenses with a total of 42,723 square feet of plant canopy. The square footage totals are based on each active establishment's approved square footage as specified through the application process.

Cultivation Type	Maximum Square Feet Allowed	Active Establishments	Total
Tier 1 (Plant Count)	30 mature plants/ unlimited immature and seedlings	0	n/a
Tier 1 (Canopy)	500	0	0
Tier 2	2,000	6	8,193
Tier 3	7,000	7	26,530
Tier 4	20,000	1	8,000
Nursery	1,000	0	0
Total	n/a	14	42,723

The majority of cultivation facility applications received by OMP are for Tier 2, Tier 3 and Tier 4 facilities, accounting for 31.1 percent, 35 percent and 19.8 percent, respectively.



Based on licensees which had obtained either a conditional license from OMP or local authorization from a host municipality, there is the potential for up to 778,500 square feet of additional plant canopy in the AUMP. This assumes all establishments with these license statuses at the conclusion of 2020 obtain an active license during 2021. The potential square footage estimate is based on the maximum square feet allowed by cultivation tier.

Cultivation Type	Maximum Square Feet Allowed	Licenses	Total
Tier 1 (Plant Count)	30 mature plants/ unlimited immature and seedlings	5	n/a
Tier 1 (Canopy)	500	5	2,500
Tier 2	2,000	36	72,000
Tier 3	7,000	40	280,000
Tier 4	20,000	21	420,000
Nursery	1,000	4	4,000
Total	n/a	111	778,500

Cultivation Tier 4 licensees are allowed, in accordance with 28-B M.R.S. § 304 to request an increase in their plant canopy capacity during the renewal process, not more than once every two years. There were no renewal applications during 2020.

Industry Volume and Value by Cultivation Facilities

For the year 2020, 10,230.4 kilograms (wet weight prior to drying process) of marijuana were harvested by marijuana cultivation facilities.

As of December 31, 2020, 1,498.6 kilograms of marijuana have been distributed. A total of \$941,048 was collected from the state's excise tax on adult use marijuana. According to data entered into the state's inventory tracking system, wholesale earnings for the year were \$1,144,502.

Product Category	Total Product Distributed	Total Excise Amount	Total Wholesale Amount
Usable Marijuana	1,498.6 kilograms	\$941,048	\$1,144,502

Usable Marijuana include Buds/Flower, Shake/Trim, and Pre-Rolls.

Source: OMP's inventory tracking system and Maine Revenue Services' Office of Tax Policy.

Please note: Vertically integrated companies do not record wholesale amounts on their transfers. Additionally, data entered into the state's inventory tracking system may contribute to errors in the classification of transfers.

As December 31, 2020, marijuana cultivation inventory consisted of 683.5 kilograms of packaged useable marijuana and 2,196 plants for future wholesales.

Industry Volume and Value by Manufacturing Facilities

As of December 31, 2020, marijuana manufacturing facilities processed and wholesaled 56.9 kilograms of usable marijuana, 6.8 kilograms of concentrates, 26,300 units of concentrates, and 34,711 units of infused products. Wholesale earnings for the year were \$831,426. Worthy of note, manufacturers may be vertically integrated and charge flat rates and/or additional fees for their services that affect the wholesale estimation.

Product Category	Total Product Distributed	Total Wholesale Amount
Usable Marijuana	56.9 kilograms	\$552,404
Concentrates	6.8 kilograms 26,300 units	\$105,256
Infused Products	34,711 units	\$173,766

Usable Marijuana include Buds/Flower, Shake/Trim, and Pre-Rolls. Concentrates include Concentrates, Infused Pre-Rolls, Kief, and Vape Products. Infused Products include Drinks, Edibles, Capsules, Suppositories, and Topicals.

As of December 31, 2020, marijuana manufacturing facilities inventory consisted of 375.4 kilograms of usable marijuana, 26.96 kilograms of concentrates, 1,186 units of concentrates, and 111,009 units of infused products for future wholesales.

Product Category	Inventory
Usable Marijuana	375.4 kilograms
Concentrates	26.96 kilograms 1,186 units
Infused Products	111,009 units

Industry Volume and Value by Marijuana Stores

As of December 31, 2020, marijuana stores sold 186.5 kilograms of usable marijuana, 1.51 kilograms of concentrate, 12,774 units of concentrates, and 23,991 units of infused products. This has yielded gross sales of \$4,706,160, inclusive of the state's 10 percent sales tax on adult use marijuana.

Product Category	Total Product Sold	Total Sales with Tax
Usable Marijuana	186.5 kilograms	\$3,272,674
Concentrates	1.51 kilograms 12,774 units	\$919,496
Infused Products	23,991 units	\$513,990

Usable Marijuana include Buds/Flower, Shake/Trim, and Pre-Rolls. Concentrates include Concentrates, Infused Pre-Rolls, Kief, and Vape Products. Infused Products include Drinks, Edibles, Capsules, Suppositories, and Topicals.

As December 31, 2020, Marijuana Stores inventory consisted of 125.7 kilograms of usable marijuana, 1.96 kilograms of concentrates, 10,905 units of concentrates, and 8,833 units of infused products for future sales.

Product Category	Inventory
Usable Marijuana	125.7 kilograms
Concentrates	1.96 kilograms 10,905 units
Infused Products	8,833 units

Compliance Inspections

As of December 31, 2020, there were 44 compliance inspections with 100 percent of all active licensees being inspected within the calendar year. Most of these inspections were security inspections that must be completed and be passed prior to a marijuana establishment receiving their active licensure to conduct business. To facilitate marijuana establishments meeting the security requirements of the AUMP administrative rules, technical assistance was provided by the Office of Marijuana Policy Compliance Team leading to the 39 active establishment licenses. Two post-active compliance inspections resulted in license violations.

Compliance Violations

As of December 31, 2020, there were two compliance violations. Both compliance violations fell into the Minor License Violations category of 18-961 C.M.R., ch. 1, § 12.2 resulting in total monetary penalties totaling \$12,500. An appeal of both compliance violations is ongoing.

No license violations resulted in the license suspension or revocation.

Public Health and Safety Data

Health and safety are at the forefront of every decision made by OMP. The Office's mission statement and guiding principles both speak to the importance of the public's health and safety in everything OMP does.

OMP has taken significant steps to interact with and involve the public health community in its work. OMP has engaged in several public speaking engagements throughout 2020, most notably presenting to the University of New England/Maine Prevention Services annual grantee training and Maine Public Health Association's annual conference. In addition, the office participates in multiple taskforces including both the marijuana workgroup and tobacco laws workgroup hosted by Maine CDC, the Pregnancy Risk Assessment Monitoring System (PRAMS) Steering Committee, the State Epidemiological Outcomes Workgroup biannual meetings, and the Maine Impaired Driving Task Force. The groups are comprised of public health and public safety officials from both state government and nonprofits throughout Maine.

In addition to this work, OMP has partnered with the Maine CDC related to their existing "Good to Know" Maine public service advertising campaign. The campaign and content—which is focused on educating the public on compliance with state law, preventing youth use and diversion, and responsible use among interested consumers—is borrowed from the State of Colorado and is managed, on behalf of Maine CDC, by Rinck Advertising.

Through these collaborations, data exchanges have been initiated. The data exchanges with agencies include the Maine CDC Maine Integrated Youth Health Survey program (MIYHS), Maine Emergency Medical Services (EMS), Maine CDC Behavioral Risk Factor Surveillance System (BRFSS), Northern New England Poison Control, and Maine Department of Education. The data collected will become the foundational metrics and indicators for OMP to monitor.

Program/Agency	Key Indicators
District Attorney: All Prosecutorial Districts	<ul style="list-style-type: none"> • Number of convictions/dismissals relating to the use of marijuana
Maine Bureau of Highway Safety	<ul style="list-style-type: none"> • Number of motor vehicle accidents relating to the use of marijuana • Number of citations relating to the use of marijuana
Maine CDC: Behavioral Risk Factor Surveillance System Program	<ul style="list-style-type: none"> • Percentage of adults using marijuana or marijuana products
Maine CDC: Maine Prevention Services: Domain 1	<ul style="list-style-type: none"> • Activities being implemented to reduce the use and misuse of marijuana and marijuana products
Maine CDC: Maine Integrated Youth Health Survey Program	<ul style="list-style-type: none"> • Percentage of youth using marijuana and marijuana products • Perception of use, perception of harm, and perception of parental view on use of marijuana captured
Maine CDC: Pregnancy Risk Assessment Monitoring Program	<ul style="list-style-type: none"> • Percentage of women using marijuana and marijuana products prior, during, and post pregnancy
Maine Department of Education	<ul style="list-style-type: none"> • Number of students receiving disciplinary action relating to marijuana
Maine Emergency Management Services	<ul style="list-style-type: none"> • Number of ambulance services needed related to the use of or exposure to marijuana and marijuana products
Northern New England Poison Control	<ul style="list-style-type: none"> • Number of calls related to the use of or exposure to marijuana and marijuana products • Types of marijuana products that are the cause of poison center calls
Office of the Attorney General: Criminal Division	<ul style="list-style-type: none"> • Number of convictions/dismissals relating to the use of marijuana

Public health and safety data will continue to play an important role in OMP's decision-making processes in 2021. The Office will continue surveying its partner state agencies for marijuana-specific data and explore the development of an internal data warehouse. It is the hope that with these efforts, and the corresponding data generated in our licensing system and the track and trace system, data will be available to aid OMP and legislators in making informed policy decisions.

Revenue

Below is a summary of revenue received for Calendar Year 2020. Excise tax and sales tax figures include actual amounts paid to Maine Revenue Services for transactions occurring in Calendar Year 2020.

	CY 2020
Revenue	
IIC Application Fees	\$ 85,074
Establishment Application Fees	\$ 129,380

License Fees	\$ 181,000
Excise Tax	\$ 941,048
Sales Tax	\$ 215,830

Source: OMP's Agency Licensing Management System and Maine Revenue Services' Office of Tax Policy.

Staffing and Expenses

OMP staff share responsibilities for both the Maine Medical Marijuana Use Program (MMMP) and the AUMP. While the majority of OMP's authorized positions are tied to the adult use program, we have focused on cross-training staff to minimize the likelihood of similar tasks and responsibilities being siloed by program type. This approach has proven effective, allowing office staff to serve the needs and answer the questions of licensees participating in both the adult use and medical marijuana programs.

Throughout 2019 and 2020, OMP staff have focused on the measured growth of the Office, bringing staff on when appropriate to meet the operational needs of the office rather than simply choosing to fill positions because vacancies exist. This approach to recruitment has been strategically important, ensuring staff are occupied with their daily tasks but not overwhelmed with work so OMP can focus on the delivery of top-notch customer service to interested stakeholders. The success of this approach is demonstrated by the exceedingly low level of turnover among OMP staff.

As of the end of December, OMP is now home to 28 fulltime employees. The office's two vacancies, newly created Field Investigator Supervisors, are expected to be filled in early 2021.

	FTE Headcount	Vacant Positions
Administration	5	0
Policy Division	1	0
Engagement and Community Outreach	1	0
Compliance Division	9	2
Data Analytics Division	3	0
Licensing Division	9	0

Please note: The positions listed in the above table are inclusive of both programs.

The State of Maine operates on a fiscal year that runs from July 1 through June 30. Accordingly, revenue and expense information from state fiscal year 2020 covers the period from July 1, 2019 through the conclusion of the fiscal year on June 30, 2020.

	FY 2020
Expense	
Personnel	\$ 1,402,891
All Other	\$ 685,260

Please note: These figures do not include costs incurred by the medical program during this same time period.

Cost projections for fiscal year 2021 are estimated below:

	FY 2021
Cost Projections	
Personnel	\$ 2,024,703
All Other	\$ 407,491

The estimated growth in personnel costs reflect the natural growth of OMP as an agency bringing staff on board in support of the normal business operations of the office.

Legislative Recommendations

The work of the Office of Marijuana Policy has benefitted significantly from the positive working relationship established early on between OMP and the legislative branch. As we turn our attention to the First Regular Session of the 130th Maine Legislature, OMP looks forward to working closely with the Joint Standing Committee on Veterans and Legal Affairs (VLA), and other committees as may be appropriate, on marijuana-related legislation.

OMP has proposed two adult use marijuana-related pieces of legislation for consideration:

- 1.) LR 159, An Act to Amend the Marijuana Legalization Act
- 2.) LR 160, An Act to Clarify Provisions Regarding the Marijuana Excise Tax

LR 159 would make an important change to the Marijuana Legalization Act aimed at addressing inventory supply issues that have arisen during the implementation of the adult program. Specifically, the bill would allow for the unlimited transfer of marijuana plants, marijuana seeds, marijuana flower and marijuana trim from registered caregivers and registered dispensaries to cultivation facility licensees until January 1, 2022 or beyond that date if the department extends that date by rule.

The second bill OMP is proposing, LR 160, seeks to ensure predictability and consistency in the application and receipt of excise taxes in light of novel practices in the adult use program that have emerged since the enactment of the excise tax provisions of the Marijuana Legalization Act. A new trend in marijuana cultivation and manufacturing has developed not only in Maine's well established MMMP but across the country: "fresh freezing" marijuana plants, including marijuana flower and trim, before the marijuana is "dried," "cured" or otherwise processed to reduce or eliminate water weight before transfer and extraction.

LR 160 would seek to make adjustments to the excise tax on adult use marijuana to account for these practices and ensure the state's tax code does not unintentionally, unnecessarily discourage cultivation and products manufacturing facilities from engaging in activity they would otherwise pursue. The proposal codifies in statute the Department's emergency rulemaking on the same topic.

The Office looks forward to the opportunity to discuss both of these proposals during the current legislative session.

As the Office has drafted regulations, implemented its licensing and compliance programs, and made policy decisions, OMP staff have been guided by its mission statement: "To ensure the health and safety of all Mainers by effectively and responsibly licensing and regulating

marijuana establishments.” We hope that lawmakers will view any policy proposals with the same lens, and OMP looks forward to engaging with industry stakeholders, public health and safety-related stakeholders, municipalities, and the public over the coming months and years to bring forward changes to better Maine’s adult use marijuana program.