



**PLANNING
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M E M O R A N D U M

TO: Office of the Town Administrator, Town of Grafton
FROM: Christopher McGoldrick, Town Planner
DATE: June 17, 2020
SUBJECT: Summary of Planning Board Discussion – Article 39 of 2020 ATM Warrant

Article 39 of the 2020 Annual Town Meeting warrant is a citizen's petition to increase the limitation on the number of recreational marijuana establishments allowed in Grafton.

The purpose of this memorandum is to document the discussions that the Planning Board has held on the topic of this citizen's petition. The Board has not taken a formal position in favor of or in opposition to the petition, but believes that the information discussed herein may be informative for the citizens who will be voting on the warrant article at Town Meeting.

CURRENT & PROPOSED

The local limit of available retail marijuana licenses is based on the number of licenses issued by the Town for retail sale of alcoholic beverages not to be drunk on premises (i.e. package stores and the like), and is currently set by Article 39 of the Town bylaws as 20% of those off-premises liquor licenses. Grafton has currently issued six such licenses; 20% of that number is 1.2, but because state law does not allow the limit on retail marijuana establishments to be less than 20% of the off-premises liquor licenses, the limit in Grafton is currently two retail marijuana establishments.

If approved by Town Meeting, the proposed citizen's petition would increase the number of available retail marijuana licenses to 50% of the number of off-premises liquor licenses issued by the Town. With the current number of such licenses, the limit would increase from the existing two and become three.

BACKGROUND

When that original limit was enacted in February 2018, there was very little practical experience anywhere in the Commonwealth with the actual operation of retail marijuana establishments and the impacts of such operation on the communities within which they operate. Further, there was no information available regarding how many such establishments might be interested in locating in Grafton. Consequently, the Town boards and officials involved in deciding what to propose for a limit (including Select Board and Planning Board) were in agreement that setting the limit to the minimum allowed by state law made sense.

Now, just two years later, Grafton finds itself with three retail marijuana establishments not just interested in locating in Grafton, but having committed time, financing, and engineering effort to developing their businesses. All three have obtained Host Community Agreements from the Select Board and have held public outreach meetings to inform the public about their plans.

The three businesses are up against the limit of two imposed by the current bylaw, which means that one of them will be blocked. While it is not yet known which of them would end up being blocked, that blockage is the reason that the citizen's petition proposes to increase the current limit by one.

MARKET DEMAND & REVENUES

There is no crystal ball to accurately predict market demand or potential revenues. Despite this, the proposed businesses have conducted their own independent research to get a picture of what sales in Grafton may look like. Two prevalent discussion points have been that the businesses moving forward despite knowledge of the limited license and efforts to increase those available indicates that the three businesses are confident the market is there.

The other discussion point is that marijuana business is frequently cited as being a source of new revenue for Grafton. Some of this revenue, from host agreements and retail sales, is based on total retail sales and is therefore likely to be only minimally affected by the number of retail marijuana businesses, assuming that the same total amount of sales is distributed among however many businesses there are. However, property tax revenue, being based on the increased value of the property occupied by the businesses, may increase more in proportion to the number of businesses, so there is a potential revenue advantage in allowing more businesses.

POTENTIAL FUTURE BUSINESSES

As noted, Grafton currently has issued six off-premises liquor licenses. The Commonwealth's quota for off-premises liquor licenses for Grafton allows the Town to issue additional such licenses, which would in turn allow more retail marijuana establishments. The quota may be as much as 12, and if all of those were issued, up to 6 retail marijuana establishments could be allowed. It is unknown at this point whether there would be interest in creating additional marijuana businesses. Among other factors, the future availability of marijuana delivery and on-site consumption licenses might be a reason for adding more retail marijuana businesses.

While the current proposal continues to impose a limit on the number of businesses, it should be noted that the existence of a limit that requires a Town Meeting vote in order to be raised erects a barrier that could prevent some prospective businesses from considering Grafton as a location. In addition, with no current applicants for liquor licenses, there is no current prospect of increasing the number of marijuana establishments allowed. Further, it should be noted that the Select Board is responsible for issuing liquor licenses and negotiating marijuana host community agreements, and thus has control over whether additional marijuana establishments will be allowed.

OTHER CONCERNS

There remains some concern about the impact of retail marijuana businesses on the community. While many such establishments are now operating in the area, it is still a bit of an unknown in Grafton, and thus some of our citizens continue to have reservations about allowing more than the minimum of two. It should be noted that every such establishment requires a Special Permit, and in the review process for such a permit, the Planning Board is required to pay attention to potential community impacts, perhaps most notably the impact on traffic, and is in a position to ensure that adverse impacts are mitigated where necessary.

We trust this memo clarifies the Planning Board's analysis and discussions regarding the above referenced Town Meeting article. We are happy to discuss any portion of this memo which may be unclear.

Thank you.