

For Recording Stamp Only

BEFORE THE BOARD OF COUNTY COMMISSIONERS OF DESCHUTES COUNTY, OREGON

An Ordinance Amending Deschutes County Code Title 18, Deschutes County Zoning, to Create Regulations Concerning Psilocybin Businesses in Destination Resorts. \* \* \* \* \* ORDINANCE NO. 2022-015

WHEREAS, in November 2020, Ballot Measure 109, the Oregon Psilocybin Services Act, was passed by the voters of Oregon, allowing manufacture, delivery, administration of psilocybin at supervised, licensed facilities beginning on January 2, 2023; and

WHEREAS, the Oregon Psilocybin Services Act allowed the governing body of a city or county to adopt ordinances to be referred to the electors of the city or county for approval at the next statewide general election that prohibit the establishment of licensed psilocybin manufacturing or service centers ("Opt Out"); and

WHEREAS, after a duly noticed public hearing on July 13, 2022 the Board of County Commissioners (the "Board") adopted Ordinance No. 2022-009 on August 8, 2022, prohibiting the establishment of licensed psilocybin manufacturing or service centers within unincorporated Deschutes County; and

WHEREAS, on November 8, 2022, Deschutes County Ballot Measure 9-152, "Concerning psilocybin manufacturing and service centers in unincorporated Deschutes County," was rejected by the electors and therefore allowed the Oregon Health Authority to begin accepting applications for psilocybin businesses in Deschutes County beginning January 2, 2023; and

WHEREAS, pursuant to Measure 109, the governing body of a city or county may adopt ordinances that impose reasonable time, place, and manner regulations on the location of and operation of businesses located at premises for which a license has been issued for a psilocybin business; and

WHEREAS, the Deschutes County Community Development Department (CDD) initiated amendments (Planning Division File No. 247-22-000676-TA) to the Deschutes County Code (DCC) Title 18, Chapter 18.113, Destination Resorts Zone; DR; to create regulations concerning psilocybin businesses in destination resorts; and

WHEREAS, the Deschutes County Planning Commission reviewed the proposed changes on September 29 and October 13, 2022 and forwarded to the Deschutes County Board of County Commissioners ("Board") a unanimous recommendation of approval pending several recommendations; and

WHEREAS, the Board considered this matter after a duly noticed public hearing on November 21 and November 30, 2022 and concluded that the public will benefit from the proposed changes to the Deschutes County Code Title 18; now, therefore,

THE BOARD OF COUNTY COMMISSIONERS OF DESCHUTES COUNTY, OREGON, ORDAINS as follows:

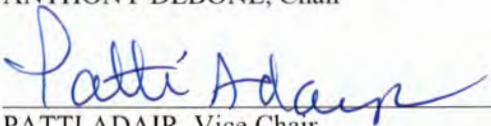
Section 1. AMENDMENT. Chapter 18.113, Destination Resorts Zone; DR, is amended to read as described in Exhibit "A", attached hereto and by this reference incorporated herein, with new language underlined and language to be deleted in ~~strikethrough~~.

Section 2. FINDINGS. The Board adopts as its findings, Exhibit "B" attached and incorporated by reference herein.


Dated this 4<sup>th</sup> of Jan, ~~2022~~ 2023

BOARD OF COUNTY COMMISSIONERS  
OF DESCHUTES COUNTY, OREGON

  
\_\_\_\_\_  
ANTHONY DEBONE, Chair

  
\_\_\_\_\_  
PATTI ADAIR, Vice Chair

ATTEST:

  
\_\_\_\_\_  
Recording Secretary

  
\_\_\_\_\_  
PHILIP CHANG

Date of 1<sup>st</sup> Reading: 19<sup>th</sup> day of Dec, 2022.

Date of 2<sup>nd</sup> Reading: 4<sup>th</sup> day of Jan, 2023.

Record of Adoption Vote:

Commissioner	Yes	No	Abstained	Excused
Anthony DeBone	<u>X</u>	___	___	___
Patti Adair	<u>X</u>	___	___	___
Philip Chang	<u>X</u>	___	___	___

Effective date: 4<sup>th</sup> day of April, 2023.

## **CHAPTER 18.113 DESTINATION RESORTS ZONE; DR**

### **18.113.030 Uses In Destination Resorts**

#### **18.113.030 Uses In Destination Resorts**

The following uses are allowed, provided they are part of, and are intended to serve persons at, the destination resort pursuant to DCC 18.113.030 and are approved in a final master plan:

- A. Visitor-oriented accommodations designed to provide for the needs of visitors to the resort:
  - 1. Overnight lodging, including lodges, hotels, motels, bed and breakfast facilities, time share units and similar transient lodging facilities;
  - 2. Convention and conference facilities and meeting rooms;
  - 3. Retreat centers;
  - 4. Restaurants, lounges and similar eating and drinking establishments; and
  - 5. Other similar visitor-oriented accommodations consistent with the purposes of DCC 18.113 and Goal 8.
  
- B. Developed recreational facilities designed to provide for the needs of visitors and residents of the resort;
  - 1. Golf courses and clubhouses;
  - 2. Indoor and outdoor swimming pools;
  - 3. Indoor and outdoor tennis courts;
  - 4. Physical fitness facilities;
  - 5. Equestrian facilities;
  - 6. Wildlife observation shelters;
  - 7. Walkways, bike paths, jogging paths, equestrian trails;
  - 8. Other similar recreational facilities consistent with the purposes of DCC 18.113 and Goal 8.
  
- C. Residential accommodations:
  - 1. Single-family dwellings;
  - 2. Duplexes, triplexes, fourplexes and multi-family dwellings;
  - 3. Condominiums;
  - 4. Townhouses;

5. Living quarters for employees;
  6. Time-share projects.
- D. Commercial services and specialty shops designed to provide for the visitors to the resort:
1. Specialty shops, including but not limited to delis, clothing stores, bookstores, gift shops and specialty food shops;
  2. Barber shops/beauty salons;
  3. Automobile service stations limited to fuel sales, incidental parts sales and minor repairs;
  4. Craft and art studios and galleries;
  5. Real estate offices;
  6. Convenience stores;
  7. Psilocybin service centers licensed by the Oregon Health Authority, subject to DCC 18.128.015;
    - a. For a lawfully established destination resort, the establishment of a psilocybin service center in any area approved for commercial services or specialty shops pursuant to an approved final master plan does not require modification of an approved conceptual master plan or final master plan.
  - 7.8. Other similar commercial services which provide for the needs of resort visitors and are consistent with the purposes of DCC 18.113 and Goal 8.
- E. Uses permitted in open space areas generally include only those uses that, except as specified herein, do not alter the existing or natural landscape of the proposed open space areas. No improvements, development or other alteration of the natural or existing landscape shall be allowed in open space areas, except as necessary for development of golf course fairways and greens, hiking and bike trails, lakes and ponds and primitive picnic facilities including park benches and picnic tables. Where farming activities would be consistent with identified preexisting open space uses, irrigation equipment and associated pumping facilities shall be allowed.
- F. Facilities necessary for public safety and utility service within the destination resort.
- G. Other similar uses permitted in the underlying zone consistent with the purposes of DCC 18.113.030.
- H. Accessory Uses in Destination Resorts:
1. The following accessory uses shall be permitted provided they are ancillary to the destination resort and consistent with the purposes of DCC 18.113 and Goal 8:
    - a. Transportation-related facilities excluding airports;

- b. Emergency medical facilities;
- c. Storage structures and areas;
- d. Kennels as a service for resort visitors only;
- e. Recycling and garbage collection facilities;
- f. A psilocybin product manufacturer licensed by the Oregon Health Authority, so long as the use is in conjunction with a psilocybin service center;
- f.g. Other similar accessory uses consistent with the purposes of DCC 18.113 and Goal 8.

HISTORY

*Adopted by Ord. [92-004 §13](#) on 2/7/1992*

*Amended by Ord. [2022-015 §1](#) on 1/4/2023*

## FINDINGS

### I. PROPOSAL

This is a legislative text amendment to Deschutes County Code (DCC), Title 18, County Zoning. The primary purpose of the amendment is to create time, place, and manner regulations concerning psilocybin service centers in the destination resort zone. A separate ordinance, Ordinance No. 2022-014, addresses general time, place, and manner amendments concerning other aspects of psilocybin businesses. A brief summary of the amendments are as follows:

- DCC 18.113.030 Destination Resorts: Adds psilocybin service centers to allowable commercial services and specialty shop uses in destination resorts, subject to DCC 18.128.015, General Standards Governing Conditional Uses;
- Allows the establishment of a psilocybin service center in any area in a destination resort approved for commercial services or specialty shops pursuant to an approved final master plan without requiring modification of an approved conceptual master plan or final master plan;
- Allows a psilocybin product manufacturer licensed by the Oregon Health Authority as an accessory use in destination resorts, so long as the use is in conjunction with a psilocybin service center.

### II. BACKGROUND

On November 3, 2020, Oregon voters approved Ballot Measure 109, the Psilocybin Program Initiative, which legalized psilocybin in Oregon subject to the criteria noted in the measure and subsequent rulemaking.

Measure 109 automatically opts cities and counties into the psilocybin program, which first underwent a two-year development period, and is slated to begin statewide on January 2, 2023. However, Measure 109 offers the option for cities and counties to opt out via a ballot measure in the next general election—in this case, November 8, 2022.

On June 1, 2022, staff provided the Board of County Commissioners (Board) with an overview of Measure 109.<sup>1</sup> During the discussion, staff noted the compressed timeline: Oregon Health Authority (OHA), which administers the program and the licensing system, was engaged in rulemaking throughout late 2021 and all of 2022, with completion anticipated by December 2022, yet OHA is due to begin accepting applications for licenses on January 2, 2023. OHA licenses will require a Land Use Compatibility Statement (LUCS) to be issued by the County. This timeline placed the Board—as

---

<sup>1</sup> <https://www.deschutes.org/bcc/page/board-commissioners-meeting>



well as the industry and the public—in a difficult position of not knowing key aspects of the program in advance of the program beginning.

On July 13, 2022, the Board of County Commissioners conducted an afternoon and evening hearing to consider Ordinance No. 2022-009, Referring a Measure to the Electors to Prohibit Product Manufacturers and Psilocybin Service Center Operators within Unincorporated Deschutes County.<sup>2</sup> The Board deliberated on the matter on July 20 and adopted a first reading of Ordinance No. 2022-009; second reading occurred on August 8. The opt-out measure was subject to Deschutes County voters for the November 8, 2022 General Election, at which time the voters overturned the opt out.

Measure 109—and the corresponding Oregon Revised Statute 475A.530—allows cities and counties to adopt “reasonable regulations” for time, place, and manner (TPM) concerning psilocybin businesses. During deliberation the Board expressed interest in developing TPM amendments in the event voters reject prohibiting psilocybin manufacturing and psilocybin service centers in the unincorporated county. Amendments could be adopted by the end of the calendar year, prior to the Oregon Health Authority (OHA) accepting applications for licensure on January 2, 2023. On July 27, the Board directed staff to begin the TPM process.<sup>3</sup>

Through this process, the Planning Commission and the Board received extensive testimony—both for and against—concerning the potential to allow psilocybin service centers in destination resorts in areas approved for commercial services or specialty shops. Given this testimony, the Planning Commission recommended the Board allow service centers in destination resorts. Several iterations of amendments were developed via staff as well as via testimony in the record provided by C. Celko/Emerge Law Group, which represents one of Deschutes County’s four destination resorts (formerly known as Pronghorn; recently rebranded to Juniper Preserve). The resulting amendments reflect the Board’s decision to allow psilocybin service centers in destination resorts.

### **III. REVIEW CRITERIA**

Deschutes County lacks specific criteria in DCC Titles 18, 22, or 23 for reviewing a legislative text amendment. Nonetheless, since Deschutes County is initiating one, the County bears the responsibility for justifying that the amendments are consistent with Statewide Planning Goals and its existing Comprehensive Plan.

### **IV. FINDINGS**

#### **CHAPTER 22.12, LEGISLATIVE PROCEDURES**

##### Section 22.12.010.

##### ***Hearing Required***

---

<sup>2</sup> <https://www.deschutes.org/bcc/page/board-county-commissioners-meeting-63>

<sup>3</sup> <https://www.deschutes.org/bcc/page/board-county-commissioners-meeting-65>

**FINDING:** This criterion will be met because a public hearing was held before the Deschutes County Planning Commission and Board of County Commissioners.

Section 22.12.020, Notice

**Notice**

**A. Published Notice**

- 1. Notice of a legislative change shall be published in a newspaper of general circulation in the county at least 10 days prior to each public hearing.**
- 2. The notice shall state the time and place of the hearing and contain a statement describing the general subject matter of the ordinance under consideration.**

**FINDING:** This criterion will be met as notice was published in the Bend Bulletin newspaper for the Planning Commission public hearing, and the Board of County Commissioners' public hearing.

- B. Posted Notice. Notice shall be posted at the discretion of the Planning Director and where necessary to comply with ORS 203.045.**

**FINDING:** Posted notice was determined by the Planning Director not to be necessary.

- C. Individual notice. Individual notice to property owners, as defined in DCC 22.08.010(A), shall be provided at the discretion of the Planning Director, except as required by ORS 215.503.**

**FINDING:** Given the proposed legislative amendments do not apply to any specific property, no individual notices were sent.

- D. Media notice. Copies of the notice of hearing shall be transmitted to other newspapers published in Deschutes County.**

**FINDING:** Notice was provided to the County public information official for wider media distribution. This criterion is met.

Section 22.12.030 Initiation of Legislative Changes.

**A legislative change may be initiated by application of individuals upon payment of required fees as well as by the Board of County Commissioners.**

**FINDING:** The application was initiated by the Deschutes County Planning Division at the direction of the Board of County Commissioners, and has received a fee waiver. This criterion is met.

Section 22.12.040. Hearings Body



- A. The following shall serve as hearings or review body for legislative changes in this order:**
- 1. The Planning Commission.**
  - 2. The Board of County Commissioners.**
- B. Any legislative change initiated by the Board of County Commissioners shall be reviewed by the Planning Commission prior to action being taken by the Board of Commissioners.**

**FINDING:** The Deschutes County Planning Commission held the initial public hearing on September 29 and October 13, 2022. The Board then held a public hearing on November 21 and November 30. These criteria are met.

Section 22.12.050 Final Decision

***All legislative changes shall be adopted by ordinance***

**FINDING:** The proposed legislative changes will be implemented by Ordinance No. 2022-015 upon approval and adoption by the Board of County Commissioners. This criterion will be met.

**A. Statewide Planning Goals and Guidelines**

Goal 1: Citizen Involvement: The amendments do not propose to change the structure of the County's citizen involvement program. Notice of the proposed amendments were provided to the *Bulletin* for each public hearing.

Goal 2: Land Use Planning: This goal is met because ORS 197.610 allows local governments to initiate post acknowledgment plan amendments (PAPA). An Oregon Land Conservation and Development Department 35-day notice was initiated on August 25, 2022. The Planning Commission held a public hearing on September 29, 2022 and the Board of County Commissioners held a public hearing on November 21, 2022. This Findings document provides the adequate factual basis for the amendments.

Goal 3: Agricultural Lands:

Destination resorts, which are the subject of these amendments, may include agricultural land as the underlying zone. However, concerning siting, ORS 197.450 states "In accordance with the provisions of ORS 30.947, 197.435 to 197.467, 215.213, 215.283 and 215.284, a comprehensive plan may provide for the siting of a destination resort on rural lands without taking an exception to statewide planning goals relating to agricultural lands, forestlands, public facilities and services or urbanization." The proposed amendments allow psilocybin service centers as a conditional use in areas for commercial services and specialty shops within destination resorts that have been sited according to these criteria. The proposed amendments to the County Code are consistent with these provisions of state law and are therefore consistent with Goal 3.

Goal 4: Forest Lands: Like Goal 3, destination resorts may include forest land as the underlying zone. However, concerning siting, ORS 197.450 states "In accordance with the provisions of ORS 30.947, 197.435 to 197.467, 215.213, 215.283 and 215.284, a comprehensive plan may provide for the siting of a destination resort on rural lands without taking an exception to statewide planning goals relating to agricultural lands, forestlands, public facilities and services or urbanization." The proposed amendments allow psilocybin service centers as a conditional use in areas for commercial services and specialty shops within destination resorts that have been sited according to these criteria. The proposed amendments to the County Code are consistent with these provisions of state law and are therefore consistent with Goal 4.

Goal 5: Open Spaces, Scenic and Historic Areas, and Natural Resources: Goal 5 is to protect natural resources and conserve scenic and historical areas and open spaces. OAR 660-023-0250(3) states that local governments are not required to apply Goal 5 in consideration of a PAPA unless the PAPA affects a Goal 5 resource. The proposed text amendments do not create or amend a resource list or any portion of the County's acknowledged Comprehensive Plan or land use regulations adopted to protect a significant Goal 5 resource or to address specific requirements of Goal 5. The proposed text amendments do not allow new uses that could be conflicting uses with a particular significant Goal 5 resource site on an acknowledged resource list because the County's LM and WA overlay zones are not changed in these proposed amendments. More specifically, the amendments are not subject to a Goal 5 analysis because:

- Concerning service centers in destination resorts, the process for establishing and regulating destination resorts with respect to Goal 5 wildlife resources is dictated by specific code provisions. Destination resorts are regulated by DCC Chapter 18.113, which establishes a mechanism for siting destination resorts, including an eligibility map and approval criteria that requires any negative impact on fish and wildlife resources to be completely mitigated, requiring that there be no net loss or net degradation of the resource. Destination resorts are subject to final master plan requirements that evaluate and address acknowledged Goal 5 resources in the Comprehensive Plan at the time of application. Because of this established process and criteria, staff finds that destination resorts do not qualify as a conflicting use for the purpose of these amendments.

For this reason, the proposed text amendments are in compliance with Goal 5.

Goal 6: Air, Water and Land Resources Quality: The proposed text amendments do not propose to change the County's Plan policies or implementing regulations for compliance with Goal 6. For service centers that may be allowed in destination resorts, they will require a conditional use permit, and as such will undergo an additional level of review concerning criteria such as siting, traffic, and compatibility. For these reasons, the proposed text amendments are in compliance.

Goal 7: Areas Subject to Natural Disasters and Hazards: The proposed text amendments do not propose to change the County's Plan or implementing regulations regarding natural disasters and hazards; therefore, they are in compliance.

Goal 8: Recreational Needs: The text amendments do not propose to change the County's Plan or implementing regulations regarding recreational needs; therefore, they are in compliance.

Goal 9: Economic Development: Goal 9 and its implementing regulations focus on economic analysis and economic development planning required in urban Comprehensive Plans to ensure there is adequate land available to realize economic growth and development opportunities. The proposed amendments apply to rural lands and do not propose to amend the Comprehensive Plan. The proposed text amendments will encourage economic development in the County as they will provide new business and economic development opportunities. Because these new businesses will be taxed, the public will benefit as well. For these reasons, the proposed text amendments are in compliance with Goal 9.

Goal 10: Housing: This goal is not applicable because, unlike municipalities, unincorporated areas are not obligated to fulfill certain housing requirements.

Goal 11: Public Facilities and Services: Complies because the text amendments do not propose to change the County's Plan or implementing regulations regarding public facilities and services.

Goal 12: Transportation: Goal 12 is to provide and encourage a safe, convenient and economic transportation system. The proposed text amendments will not change the functional classification of any existing or planned transportation facility or standards implementing a functional classification system. The proposed text amendments will not allow any new uses expected to result in transportation system impacts that differ in degree or severity from other allowed or allowable uses in the zones in which psilocybin service centers could be sited.

Goal 13: Energy Conservation: The proposed text amendments do not propose to change the County's Plan or implementing regulations regarding energy conservation. Therefore, compliance with Goal 13 is established.

Goal 14: Urbanization: The proposed text amendments do not propose to change the County's Plan or implementing regulations regarding urbanization. Therefore, compliance with Goal 14 is established.

Goals 15 through 19 are not applicable to the proposed text amendments because the County does not contain these types of lands.

#### **D. Deschutes County Comprehensive Plan**

Chapter 1, Comprehensive Planning: This chapter sets the Goals and Policies of how the County will involve the community and conduct land use planning. As described above, the proposed regulations will be discussed at work sessions with the Board of County Commissioners, as well as to the Planning Commission, which is the County's official committee for public involvement. Both will conduct separate public hearings.

These actions also satisfy the Goals and relevant Policies of Section 1.3, Land Use Planning Policies. Goal 1 of this section is to “maintain an open and public land use process in which decisions are based on the objective evaluation of facts.” Staff, the Planning Commission, and the Board reviewed the text amendments.

Chapter 2, Resource Management: This chapter sets the Goals and Policies of how the County will protect resource lands, including but not limited to, Agriculture and Forest as well as Water Resources and Environmental Quality.

Section 2.2, Agricultural Lands Policies, states that Goal 1 is to “preserve and maintain agricultural lands and the agricultural industry.” Psilocybin is a new state-recognized agricultural use. Destination resorts, which are the subject of these amendments, may include agricultural land as the underlying zone. However, concerning siting, ORS 197.450 states “In accordance with the provisions of ORS 30.947, 197.435 to 197.467, 215.213, 215.283 and 215.284, a comprehensive plan may provide for the siting of a destination resort on rural lands without taking an exception to statewide planning goals relating to agricultural lands, forestlands, public facilities and services or urbanization.” The proposed amendments allow psilocybin service centers as a conditional use in areas for commercial services and specialty shops within destination resorts that have been sited according to these criteria. The proposed amendments to the County Code are consistent with these provisions of state law and are therefore consistent with this goal.

Section 2.3, Forest Lands Policies, states that Goal 1 is to “preserve and maintain forest lands for multiple uses, including forest products, watershed protection, conservation, recreation and wildlife habitat protection.” Policy 2.3.5 calls for uses allowed in Forest zones to comply with state statute and Oregon Administrative Rule. As noted above, destination resorts may include forest land as the underlying zone. However, concerning siting, ORS 197.450 states “In accordance with the provisions of ORS 30.947, 197.435 to 197.467, 215.213, 215.283 and 215.284, a comprehensive plan may provide for the siting of a destination resort on rural lands without taking an exception to statewide planning goals relating to agricultural lands, forestlands, public facilities and services or urbanization.” The proposed amendments allow psilocybin service centers as a conditional use in areas for commercial services and specialty shops within destination resorts that have been sited according to these criteria. The proposed amendments to the County Code are consistent with these provisions of state law and are therefore consistent with this goal.