

**AGENDA
OURAY PLANNING COMMISSION**

Tuesday, October 13, 2026 - 4:00 PM

Ouray Community Center, 320 6th Ave, Ouray, CO 81427

VIRTUAL OPTION - <https://zoom.us/j/98645657434>

Meeting ID: 986 4565 7434 Passcode: 788405 Or dial: +1 346 248 7799

Ouray Planning Commission Regular Meeting

- Changes to this agenda can be found on the bulletin board at City Hall
- Electronic copies of the Planning Commission Packet are available on the City website at www.cityofouray.com. A hard copy of the Packet is also available at the Administrative Office for interested citizens.
- Notice is hereby given that a majority or quorum of the City Council, Ouray Economic Development Committee, Beautification Committee, Tourism Advisory Committee, and/or Parks and Recreation Committee may be present at the above noticed Planning Commission meeting to discuss any or all of the matters on the agenda below for Council consideration

1. CALL TO ORDER

2. ROLL CALL

3. CITIZENS COMMUNICATIONS

4. DISCUSSION ITEMS

4.a. Regulation of Natural Medicine Businesses in the City of Ouray

Speaker(s): Harper Powell

5. ADJOURNMENT

ORDINANCE NO. __ (Series No. 2026)

**AN ORDINANCE OF THE CITY OF OURAY, COLORADO, AMENDING THE
OURAY MUNICIPAL CODE TO REGULATE NATURAL MEDICINE FACILITIES**

WHEREAS, the City of Ouray (the “City”) acting by and through its City Council has the power to amend the Ouray Municipal Code (the “Municipal Code”) pursuant to state statutes, Section 2.7.C. of the Home Rule Charter, and Section 1-3 of the Code, and all such amendments shall become a part of the Code; and

WHEREAS, in 2022, Colorado voters approved “Proposition 122: Access to Natural Psychedelic Substances,” which is now codified in C.R.S. §§ 12-170-101 through 117 (the “Natural Medicine Health Act”); and

WHEREAS, the Natural Medicine Health Act allows the supervised use of psychedelic mushrooms by individuals aged 21 and over at licensed facilities and requires the state to create a regulatory structure for the operation of these licensed facilities; and

WHEREAS, the Natural Medicine Health Act prohibits local governments from banning licensed facilities, services, and use of natural medicines permitted by the Natural Medicine Health Act, while allowing local governments to regulate the time, place, and manner of operation of these facilities; and

WHEREAS, the State legislature enacted Senate Bill 23-290, which is codified in C.R.S. §§ 44-50-101 through 904 (the “Colorado Natural Medicine Code”), to create the regulatory structure for the operation of these licensed facilities, which includes the licensing and registration of facilities and related businesses that provide the use, cultivation, manufacture, and testing of these substances; and

WHEREAS, the City Council desires to enact this ordinance to regulate the time, place, and manner of the operation of licenses issued pursuant to the Colorado Natural Medicine Code; to establish the appropriate zoning districts for the operation of licenses issued pursuant to the Colorado Natural Medicine Code; and to establish distance restrictions for buildings where natural medicine services are provided within the vicinity of a child care center; preschool; elementary, middle, junior or high school; or a residential child care facility pursuant to the Colorado Natural Medicine Code

WHEREAS, the City Council finds and determines that the proposed amendment to the Municipal Code outlined herein is reasonably necessary to promote the legitimate public purposes of the public healthy, safety, and welfare.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OURAY, COLORADO, as follows:

SECTION 1: Recitals

The City Council hereby incorporates by reference and conclusively makes the above recitals as findings of fact.

SECTION 2: Amendment to Section 7-4

Section 7-4 of the Municipal Code of the City of Ouray, Colorado is hereby amended with double underlined additions, as set forth in **Exhibit A**.

SECTION 3: Amendment to Section 7-7-A

Section 7-7-A – Table of Allowed Uses of the Municipal Code of the City of Ouray, Colorado is hereby amended with an additional category for Natural Medicine Businesses as shown using double underlined additions, as set forth in **Exhibit A**.

SECTION 4: Amendment to Section 7-7

Section 7-7 of the Municipal Code of the City of Ouray, Colorado is hereby amended with the addition of Section 7-7-L shown in double underlined text, as set forth in **Exhibit A**.

SECTION 5: Effective Date

The provisions of this Ordinance shall become effective thirty (30) days after final publication of the Ordinance in accordance with the Charter.

SECTION 6: Savings Clause

The repeal and amendment of various provisions of the Ouray Municipal Code by this ordinance shall not affect any offense or act committed, any penalty incurred, any contract, right, or duty established or accruing before the effective date of this ordinance.

SECTION 7: Severability

If any clause, sentence, paragraph, or part of this ordinance or the application thereof to any person or circumstances shall for any reason be adjudged by a court of competent jurisdiction invalid, such judgment shall not affect application to other persons or circumstances.

INTRODUCED, READ, APPROVED AS INTRODUCED AND ORDERED
PUBLISHED on first reading by _____ vote of the Ouray City Council, this __ day of
_____, 2026.

CITY OF OURAY, COLORADO

By _____
Michael Underwood, Mayor

ATTEST:

Michelle Metteer, City Administrator

INTRODUCED, READ, AND ADOPTED on second reading by _____ vote
of the Ouray City Council, this __ day of _____, 2026.

CITY OF OURAY, COLORADO

By _____
Michael Underwood, Mayor

ATTEST:

Michelle Metteer, City Administrator

CERTIFICATE OF ATTESTATION

I, Michelle Metteer, Ouray City Administrator, hereby certify that Ordinance No. ____
(Series No. 2026), was introduced, read, passed on first reading on November __, 2026.
*The Ordinance was published, by title and summary, in the Ouray County Plaindealer on
November __, 2026, and thereafter introduced, read, and adopted by the Ouray City
Council on _____, 2026, and thereafter published in the Ouray County
Plaindealer as required by law.*

Michelle Metteer, City Administrator

EXHIBIT A

The Ouray Municipal Code is hereby amended as follows. Additions are shown in double underlined text.

7-4 Definitions

A. OLuc Definitions

* * * *

Natural Medicine means psilocybin or psilocyn and other substances described as “natural medicine” in C.R.S. §§ 44-50-101 through 904 (the “Colorado Natural Medicine Code”).

Natural Medicine Business has the meaning provided in the Colorado Natural Medicine Code, as may be amended from time to time, and shall include the following:

1. Natural medicine healing centers;
2. Natural medicine cultivation facilities;
3. Natural medicine products manufacturers;
4. Natural medicine testing facilities; and
5. Any other business entity licensed to perform operations related to natural medicine by the state licensing authority.

Natural Medicine Cultivation Facility has the meaning provided in the Code of Colorado Regulations, Natural Medicine Division, 1 CCR § 213-1, as may be amended from time to time.

Natural Medicine Healing Center has the meaning as “healing center” as provided in the Colorado Natural Medicine Code, as may be amended from time to time.

Natural Medicine Product has the meaning provided in the Colorado Natural Medicine Code, as may be amended from time to time.

Natural Medicine Products Manufacturer has the meaning provided in the Code of Colorado Regulations, Natural Medicine Division, 1 CCR § 213-1, as may be amended from time to time.

Natural Medicine Services has the meaning provided in the Colorado Natural Medicine Code, as may be amended from time to time.

Natural Medicine Testing Facility has the meaning provided in the Code of Colorado Regulations, Natural Medicine Division, 1 CCR § 213-1, as may be amended from time to time.

* * * *

Participant has the meaning provided in the Colorado Natural Medicine Code, as may be

amended from time to time.

* * * *

Regulated Natural Medicine has the meaning provided in the Colorado Natural Medicine Code, as may be amended from time to time.

* * * *

State Licensing Authority has the meaning provided in the Colorado Natural Medicine Code, as may be amended from time to time.

* * * *

7-7 Use Regulations

A. Table of Allowed Uses

P = Permitted Use		Blank Cell = Prohibited Use					
L = License Required							
C = Conditional Use							
Use Category	Use Type	R-1	R-2	C-1	C-2	P-1	P-2
* * * *							
<u>Natural Medicine Businesses</u>							
<u>Healing Center</u>	<u>Natural Medicine Healing Center</u>			<u>P</u>	<u>P</u>		
<u>Cultivation, Products Manufacturing, and Testing</u>	<u>Natural Medicine Cultivation Facility</u>			<u>C</u>	<u>C</u>		
	<u>Natural Medicine Products Manufacturer</u>				<u>C</u>		
	<u>Natural Medicine Testing Facility</u>				<u>C</u>		
	<u>Other Business Entity Licensed to Perform</u>				<u>C</u>		

P = Permitted Use		Blank Cell = Prohibited Use					
L = License Required							
C = Conditional Use							
Use Category	Use Type	R-1	R-2	C-1	C-2	P-1	P-2
	<u>Operations Related to Natural Medicine</u>						

L. Natural Medicine

1. Zoning. Natural medicine businesses may be allowed in the zone districts as set forth in the Table of Allowed Uses in Section 7-7-A and if in compliance with the requirements of this Section 7-7-L.
2. Distance Requirements. No natural medicine business shall be within three hundred (300) feet as measured by means of the direct pedestrian route of any:
 - a. Day care center;
 - b. Preschool;
 - c. Elementary, middle, junior, or high school; or
 - d. Residential child care facility.
3. Hours of Operation. The hours of operation of any natural medicine business are restricted to 8:00 a.m. to 10:00 p.m.
4. Security Plan. All natural medicine businesses shall have a security plan for the secure storage of natural medicine and natural medicine products approved by the State of Colorado Natural Medicine Division and shall provide the plan to the City prior to beginning operation, and shall provide any updated plans to the City within ten (10) business days.
5. Public View. All doorways, windows and other openings of natural medicine business buildings shall be located, covered, or screened in such a manner to prevent a view into the interior from any exterior public or semipublic area. All activities of natural medicine businesses shall occur indoors.
6. Lighting. Primary entrances, parking lots and exterior walkways shall be clearly illuminated with downward facing security lights to provide after-dark visibility for facilitators, participants, and employees.

7. Storage. All storage for natural medicine businesses shall be located within a permanent building and may not be located within a trailer, tent, or motor vehicle. All storage of regulated natural medicine and regulated natural medicine products shall be in a secured and locked container. Cultivation facilities shall ensure that any natural medicine under cultivation is kept in an enclosed locked area.
8. Secure Disposal of Natural Medicine. Natural medicine businesses shall provide secure disposal of natural medicine and natural medicine product remnants or by-products. Natural medicine and natural medicine product remnants or by-products shall not be placed within the facilities' exterior refuse container, nor discharged into any street, alley, or public place, or into any municipal storm sewer and/or system in the City.
9. Hazardous Materials. The processing of natural medicine or natural medicine product that includes the use of hazardous materials, including, without limitation, and by way of example, flammable and combustible liquids, carbon dioxide, and liquified petroleum gases, such as butane, is prohibited.
10. Licenses. All natural medicine businesses must obtain:
 - a. A business license from the City under Section 3-5 of the OMC; and
 - b. A license from the state licensing authority pursuant to the conditions set forth in the Colorado Natural Medicine Code.
11. Indemnification of the City. By accepting a license issued pursuant to this chapter, a licensee, jointly and severally if more than one, agrees to indemnify and defend the City, its officers, elected officials, employees, attorneys, agents, insurers and self-insurance pool against all liability, claims and demands on account of 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, which arise out of or are in any manner connected with the operation of the natural medicine business that is the subject of the license. The licensee further agrees to investigate, handle, respond to and provide defense for and defend against any such liability, claims or demands at its expense and to bear all other costs and expenses related thereto, including court costs and attorney fees. The City Administrator may require a licensee to execute a written instrument confirming the provisions of this section.

MEMORANDUM

DATE: October 8, 2026
TO: Ouray Planning Commission
FROM: Karp Neu Hanlon, P.C.
RE: Natural Medicine Businesses

In 2022, Colorado voters approved Proposition 122: “Access to Natural Psychedelic Substances” (the “Natural Medicine Health Act” or the “Act”), which legalizes the supervised use of psychedelic mushrooms at licensed facilities by individuals 21 years and older. The Act authorizes the State to promulgate rules and regulations for the operation of licensed natural medicine businesses. Local governments may not prohibit licensed natural medicine facilities but may regulate the time, place, and manner of operation of such facilities.

In 2023, the State published the Colorado Natural Medicine Code, establishing the regulatory structure for the operation of natural medicine businesses, including licensing and registration and requirements for the use, cultivation, manufacture, and testing of natural medicine substances.

The purpose of the Ordinance, attached as **Exhibit A**, is to regulate the time, place, and manner of operation of licenses issued pursuant to the Colorado Natural Medicine Code. The Planning Commission previously recommended, and Staff concurs, that the most appropriate zoning districts for operation of natural medicine healing centers—where natural medicine services are provided under supervision—are in the Commercial District (C-1) and the Commercial-Industrial District (C-2), as a permitted use. Natural medicine cultivation facilities—locations where regulated natural medicine is grown, harvested, and prepared for dissemination to other licensed natural medicine facilities—would also be allowed in the C-1 and C-2 Districts as a conditional use. Other natural medicine businesses, including products manufacturers, testing facilities, and other licensed natural medicine businesses would be permitted in the C-2 District as a conditional use.

The Ordinance also limits any natural medicine business to be at least 300 feet from any day care center, preschool, school, or residential child care facility. The hours of operation of natural medicine businesses would be restricted from 8:00 a.m. to 10:00 p.m. All other operations of natural medicine businesses must conform to state regulations.

The Planning Commission may review and make recommendations to City Council for the time, place, and manner restrictions the City wishes to impose on natural medicine businesses.