



Zoning Ordinance  
Amendment #23-01

Commercial  
Cannabis  
Business Permits

July 17, 2023

## Background

- In 2018, Commercial Cannabis Business Permits became part of the Zoning Ordinance
- Both retail (dispensaries) and non-retail uses (cultivation, distribution, and laboratory testing) require a commercial cannabis business permit reviewed and approved by the Planning Commission
- Dispensaries are the only cannabis use that has a merit based approval system with a maximum number of permits (originally 4 permits City-wide)
- Other cannabis uses are reviewed individually with no maximum number of permits

## Background

- In 2021, the cannabis ordinance was amended to allow a 5<sup>th</sup> retail permit and other minor modifications
- Permit process for fifth permit started in January 2022
- Applications have been reviewed, ranked, and notice provided
- The 5th permit selected - Culture Merced at 1111 Motel Dr (2 appeals denied)



## Background

- On March 6, 2023, the City Council provided direction on modifications to the cannabis ordinance.
- On June 6, 2023, the Planning Commission voted to recommend approval of this ordinance amendment by 4-0 (4 ayes, 2 absent, 1 vacancy)
- During the public hearing Jiva Life submitted a letter and left 2 voicemails supporting increase in commercial cannabis retail permits to 6 or 7.



## Ordinance Amendments

- Cannabis permits are generally new to the City being allowed for approximately 4 years.
- Amendments to the ordinance are expected with adjustment coming through feedback from the community, input from cannabis business professionals, and by comparing our process and outcomes with other communities.

## Proposed Changes

- On March 20, 2023, the City Council directed staff to make 3 main changes to the current cannabis ordinance:
  - Increase the maximum number of retail cannabis dispensaries allowed within the City from 5 to up to 10 (final number to be determined by City Council)
  - Add a new section allowing Council consideration of alternative sites for retail cannabis business applications under appeal
  - Include local ownership requirements for cannabis retail permits issued after November 3, 2021

## City Council

- After the public hearing, the City Council may Approve/Disapprove/Modify:
  - Categorical Exemption (Environmental Review #23-12)
  - Zoning Ordinance Amendment #23-01 as described in Attachment 4 (Draft Ordinance).