



# Zoning Ordinance Amendment #24-01

## Commercial Cannabis Business Permits

City Council

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## Background

- In 2018, Commercial Cannabis Business Permits became part of the Zoning Ordinance
- 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 have a merit-based approval system with a maximum number of permits, currently five permits allowed City-wide
- Non-retail 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
- The 5th permit selected - Culture Merced at 1111 Motel Dr (2 appeals denied)
- Process brought forth the need for some clarification in the code
- On August 21, 2024, the Planning Commission heard ZOA#24-01 and took public comment
- The Planning Commission recommended the City Council approve ZOA#24-01

## Ordinance Amendments

- Cannabis permits have been allowed since 2018.
- Amendments come through feedback from the community, input from cannabis business professionals, and by comparing our process and outcomes with other communities.
- After the creation of the last retail list, staff found the need to clarify parts of the process.
- Proposed changes include:

## Proposed Changes

- 1) Section 20.44.170(L)(1)(e) would be amended to add new text in the section allowing the applicant, after notification of a discrepancy, to amend or supplement the Merit-Based Selection Criteria information as well as other information currently outlined in the Ordinance within 10 days of notification.
- 2) Section 20.44.170(L)(1)(f)(vii) would be amended to add a section clarifying the applicant's responsibility to include and clearly label the Selection Criteria in the application and any information that addresses the most recently adopted Merit-Based Scoring system Selection Criteria.
- 3) Section 20.44.170(L)(1)(g)(iv) would be amended to add text allowing the Director of Development Services the option to correct any clerical or mathematical errors in the calculation of the average score within 10 days of the rankings being released, or the rankings being re-released upon the availability of a permit.

## Proposed Changes (Continued)

- 4) Section 20.44.170(L)(g)(iv)(a) would be amended to add text clarifying that the qualified Commercial Cannabis Business Application List-Dispensaries/Retail established on August 19, 2022 (the List), shall be subject to the timelines established in this code.
- 5) Section 20.44.170(L)(g)(iv)(c) would be amended to add text allowing the List to remain active until the last available Commercial Cannabis Business Retail Permit becomes operational and opens for business.
- 6) Section 20.44.170(L)(g)(iv)(d) would be amended to add a section clarifying the process should a Commercial Cannabis Business Retail Permit fails to become operational and open for business.

# City Council Action

Hold a public hearing.

Planning Commission and Staff Recommendation:

- Adopt ZOA #24-01 and Introduce Ordinance 2571
- Adopt Categorical Exemption (Environmental Review #24-21)

Other Options:

- Introduce the Ordinance with Modifications;
- Deny the request;
- Refer back to staff for changes;
- Continue the matter to a specific date