



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 5th 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).