



Zoning Ordinance Amendment #24-01

Commercial Cannabis Business Permits

August 21, 2024

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, currently 5 permits allowed 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
- The 5th permit selected - Culture Merced at 1111 Motel Dr (2 appeals denied)
- Process brought forth the need for some clarification in the code

Ordinance Amendments

- Cannabis permits have been allowed for approximately 6 years.
- 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 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 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)(1)(g)(iv) would add text allowing the Director of Development Services, within 10 days of the rankings being released, the option to correct any errors in the calculation of the average score.

Proposed Changes (Continued)

- 4) Section 20.44.170(L)(1)(1)(g)(iv)(a) would add text clarifying that the qualified Commercial Cannabis Business Application List-Dispensaries/Retail established on August 19, 2022, shall be subject to the timelines established in this code.
- 5) Section 20.44.170(L)(1)(1)(g)(iv)(c) would add text allowing the List mentioned above to be active until the last available Commercial Cannabis Business Retail Permit becomes operational and opens for business.
- 6) Section 20.44.170(L)(1)(1)(g)(iv)(d) would add a section clarifying the process should a Commercial Cannabis Business Retail Permit fail to become operational and open for business.

Planning Commission Action

- After the public hearing, the Planning Commission may Approve/Disapprove/Modify:
 - Categorical Exemption (Environmental Review #24-21)
 - Zoning Ordinance Amendment #24-01 as described in Exhibit B of Attachment A (Draft Ordinance).