



## Legislation Text

---

File #: 23-439, Version: 1

---

### **Planning Commission Staff Report**

*Report Prepared by: Francisco Mendoza-Gonzalez, Associate Planner, Development Services Department*

**SUBJECT:** Zoning Ordinance Amendment #23-01, initiated by the City of Merced. This application involves changes to the Merced Zoning Ordinance (Title 20 of the Merced Municipal Code) which would amend Merced Municipal Code Section 20.44.170 (Regulation of Commercial Cannabis Activities - Commercial Cannabis Business Permit Required). This amendment would increase the maximum number of retail cannabis dispensaries allowed within the City from five to up to ten, 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, and various other amendments.

**ACTION:** PLANNING COMMISSION:

Recommendation to City Council

- 1) Environmental Review #23-12 (*Categorical Exemption*)
- 2) Zoning Ordinance Amendment #23-01

CITY COUNCIL:

Approve/Disapprove/Modify

- 1) Environmental Review #23-12 (*Categorical Exemption*)
- 2) Zoning Ordinance Amendment #23-01

### **SUMMARY**

The City is proposing modifications to the City's current cannabis ordinance found under Merced Municipal Code Section 20.44.170 - Regulations of Commercial Cannabis Activities - Commercial Cannabis Business Permit Required. During the City Council meeting of March 20, 2023, the Council discussed potential modifications to the ordinance and directed staff to modify various sections of the ordinance. This ordinance amendment would increase the number of retail cannabis permits from 5 to up to 10, allow Council to consider alternative sites for retail cannabis business permit applications under appeal, include local ownership requirements for cannabis retail permits issued after November 3, 2021, and other minor procedural clarifications and modifications.

### **RECOMMENDATION**

Planning staff recommends that the Planning Commission recommend approval to the City Council of Environmental Review #23-12 (Categorical Exemption) and Zoning Ordinance Amendment #23-01

as outlined in Exhibit B of the Draft Resolution #4113, subject to the findings/considerations in Exhibit A of the Draft Resolution at Attachment A.

## DISCUSSION

### Project Description

Zoning Ordinance Amendment #23-01 would modify the City's regulations regarding cannabis sales (MMC 20.44.170), as directed by the City Council during the City Council Meeting of March 20, 2023. This ordinance amendment would increase the number of retail cannabis permits from 5 to up to 10 (Council to have final discretion on number of permits), allow Council to consider alternative sites for retail cannabis business permit applications under appeal, include local ownership requirements for cannabis retail permits issued after November 3, 2021, and other minor procedural clarifications and modifications.

The ordinance changes are contained in the Draft Ordinance at Exhibit B of Planning Commission Resolution #4113 (Attachment A) and presented in redline form at Attachment B. In general, the modifications can be summarized as follows:

- 1) Land Use Table 20.44-1(Footnote 1) and Section 20.44.170 (F)(1) would increase the maximum number of retail cannabis dispensaries allowed within the City from 5 to up to 10 (City Council to final discretion on maximum number or permits).
- 2) Section 20.44.170(L)(4)(g) would add a new section allowing Council consideration of alternative sites for retail cannabis business applications under appeal.
- 3) Section 20.44.170(L)(7)(b)(iii) would include local ownership requirements for cannabis retail permits issued after November 3, 2021.

### Background

The City adopted a cannabis sales land use ordinance in 2017 with a supplemental resolution in 2018. These adoptions established the land use policy and permitting procedures for retail dispensaries and non-dispensary uses such a cultivation, distribution, and laboratory testing. All cannabis uses are required to obtain a commercial cannabis business permit reviewed and approved by the Planning Commission. Cannabis dispensaries are the only cannabis use that has a merit-based approval system with a limited number of City-wide permits (originally 4 permits City-wide). Non-dispensary cannabis uses are processed on an individual basis and do not have a maximum number of permits that can be issued.

In August 2021, the City amended this ordinance to increase the number of retail permits from 4 to 5 and to also clarify various parts of the permitting process. The proposed zoning ordinance amendment is another amendment to the cannabis ordinance, and it is being provided at the direction of the City Council from their meeting of March 20, 2023. This ordinance amendment would increase the number of retail cannabis permits from 5 to up to 10 (Council to have final discretion on number of permits), allow Council to consider alternative sites for retail cannabis business permit applications under appeal, include local ownership requirements for cannabis retail permits issued after November 3, 2021, and other minor procedural clarifications and modifications.

Cannabis permits are generally new to the City being issued for approximately 4 years. Amendments to this relatively new 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.

Findings/Considerations

Please refer to Exhibit B of the Draft Planning Commission Resolution at Attachment A.

**ATTACHMENTS**

- A) Draft Planning Commission Resolution #4113 (includes Draft Ordinance at Exhibit B)
- B) Categorical Exemption (Environmental Review #23-12)
- C) Presentation