



Department: Community Development
Cost Center: 4001
For Agenda of: 10/1/2024
Placement: Consent
Estimated Time: N/A

FROM: Timmi Tway, Community Development Director
Prepared By: Ivana Gomez, Cannabis Business Coordinator

SUBJECT: SECOND READING AND ADOPTION OF ORDINANCE NO. 1740 (2024 SERIES) APPROVING AN AMENDMENT TO TABLE 2-1 IN TITLE 17 (ZONING REGULATIONS) OF THE MUNICIPAL CODE TO ALLOW CANNABIS RETAIL STOREFRONTS TO CONDUCT RETAIL SALES BY DELIVERY WITH APPROVAL OF A CONDITIO

RECOMMENDATION

Adopt Ordinance No. 1740 (2024 Series) entitled, "An Ordinance of the City Council of the City of San Luis Obispo, California, approving amendments to Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) to allow Cannabis Retail Storefronts to conduct retail sales by delivery with approval of a Conditional Use Permit or by amendment to an existing Conditional Use Permit. The project is exempt from environmental review (CEQA) (CODE-0401-2024)."

POLICY CONTEXT

Per [Chapter 17.124](#) (Amendments – Zoning Regulations and Zoning Map), the City Council may review the proposed text amendment, including the Planning Commission's recommendation, and take action based on consistency with the General Plan and State Law.

DISCUSSION

Previous Council and Advisory Body Action

On [March 7, 2023](#), at the Annual Cannabis Business Program Update, the City Council provided direction to staff to update the Cannabis Program to allow retail storefronts to offer delivery services. As a result, staff revised the program's administrative regulations and application materials to allow retail storefronts to engage in delivery. These changes required thorough internal review and approval by the City Manager via City Manager Report.

On [August 14, 2024](#), the Planning Commission reviewed the proposed text amendment and recommended the City Council introduce and adopt the Ordinance approving the

amendment to Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) of the Municipal Code ([Resolution No. PC-1089-24](#)).

On [September 3, 2024](#), the City Council voted 5 – 0 to introduce Ordinance No. 1740 (2024 Series) approving an amendment to Table 2-1 (Uses Allowed by Zone) of Title 17 (Zoning Regulations) in the Municipal Code to allow retail storefronts to conduct retail sales by delivery with the approval of a Conditional Use Permit, or by amendment to an existing Conditional Use Permit

If Council adopts the Ordinance, it shall be effective 30 days after its final passage.

Public Engagement

Each public hearing associated with this item has been noticed in compliance with the City's notification requirements for a proposed text amendment. If the Ordinance is adopted, existing retail storefronts who wish to engage in delivery may apply for an amendment to their existing Conditional Use Permit, which is a discretionary review process that requires legal notices and a public hearing for each development project. Future retail storefronts in the City may apply for a Conditional Use Permit to establish and operate a retail storefront and may opt to engage in storefront sales only or storefront and delivery sales at the time of application.

CONCURRENCE

The City has a designated steering committee comprised of representatives from the City Attorney's Office, Police Department, Finance Department, Community Development Department, and City Administration to support the City's Cannabis Program. The proposed amendments contained within this report have been reviewed and are supported by the steering committee as consistent with previous Council direction.

ENVIRONMENTAL REVIEW

Adoption of the proposed amendments to Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) of the Municipal Code has been reviewed in accordance with the California Environmental Quality Act (CEQA) Guidelines. It has been determined that the amendments are exempt from environmental review under CEQA Guidelines Section § 15301(b)(3) (General Rule Exemption), which applies to activities that can be clearly seen to have no potential for significant environmental impact. The proposed amendments involve minor modifications to the regulations governing commercial cannabis retail storefront operations and are not expected to have any significant effect on the environment. However, project-specific environmental review will be required for any new commercial cannabis activity. Any new or existing cannabis retail storefront seeking a Conditional Use Permit or an amendment to an existing permit to engage in delivery services will be required to comply with all applicable state and local laws, including CEQA requirements.

FISCAL IMPACT

Budgeted: N/A
 Funding Identified: N/A

Budget Year: 2024-25

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$0	\$0	\$0	\$0
State				
Federal				
Fees				
Other:				
Total	\$0	\$0	\$0	\$0

There is no fiscal impact associated with the proposed amendments to the Municipal Code. There are many delivery services located outside of City limits that are able to deliver within the City, so staff anticipates a minimal increase in tax revenue if the Ordinance is approved.

ALTERNATIVES

1. **Council may decide to modify the Ordinance before adoption.** Depending on changes proposed, modification of the Ordinance may require reintroduction and then adoption during subsequent public hearing, which will delay implementation of the Ordinance.
2. **Council may decide not to adopt the Ordinance.** This action is not recommended because it the Ordinance is consistent with City Council direction to allow cannabis retail storefronts to deliver.

ATTACHMENTS

A – Ordinance No. 1740 (2024 Series)