

**ORDINANCE NO. 1740 (2024 SERIES)**

**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) OF THE MUNICIPAL CODE 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)**

**WHEREAS**, the Planning Commission of the City of San Luis Obispo conducted a public hearing in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California on August 14, 2024, for the purpose of recommending an amendment to Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) of the Municipal Code, pursuant to a proceeding under CODE-0401-2024; City of San Luis Obispo, applicant; and

**WHEREAS**, the City Council of the City of San Luis Obispo conducted a public hearing in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California on September 3, 2024, for the purpose of introducing an ordinance to amend Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) of the Municipal Code, pursuant to a proceeding under CODE-0401-2024; City of San Luis Obispo, applicant; and

**WHEREAS**, notices of said public hearing were made at the time and in the manner required by law; and

**WHEREAS**, the City Council has duly considered all evidence, including the testimony of interested parties and the evaluation and recommendation by staff, presented at said hearing.

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1. Findings.** Based upon all the evidence, the City Council makes the following findings:

1. The proposed amendments to Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) of the Municipal Code are consistent with the State of California's Department of Cannabis Control regulations.
2. The proposed amendments to Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) are consistent with previous City Council direction on March 7, 2023, to update the Cannabis Program to allow cannabis retail storefronts to offer delivery services.
3. The proposed amendments to Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) are consistent with the City Council's broader goals of regulating cannabis businesses to ensure public safety and compliance with state laws.

4. The proposed amendments to Table 2-1 (Uses Allowed by Zone Section § 17.10.020) of the Municipal Code are consistent with the Major City Goal (Financial Plan 2023-2025) to implement initiatives that reinforce a thriving and sustainable local economy as well as to ensure fiscally responsible and sustainable city operations by strengthening existing cannabis businesses, promoting the economic well-being of the community.
5. The proposed amendments to Table 2-1 (Uses Allowed by Zone Section § 17.10.020) of the Municipal Code are consistent with the purpose of the Retail Commercial (C-R) Zone to serve the entire community and the region, as well as tourists and travelers.
6. The proposed amendments to Table 2-1 (Uses Allowed by Zone Section § 17.10.020) of the Municipal Code are consistent with the purpose of the Service Commercial (C-S) Zone to provide services to meet local needs and demands of the region, including services and limited retail.

**SECTION 2. Environmental Determination.** 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.

**SECTION 3. Action.** The City Council hereby adopts an ordinance to amend the Land Use section entitled, “Cannabis Activity” of Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) in Title 17 (Zoning Regulations) of the City of San Luis Obispo Municipal Code 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 as set forth and incorporated herein.

| Table 2-1: Uses Allowed By Zone |                                                                                                                  |      |     |     |     |     |    |   |     |     |     |     |     |     |   |    |                          |
|---------------------------------|------------------------------------------------------------------------------------------------------------------|------|-----|-----|-----|-----|----|---|-----|-----|-----|-----|-----|-----|---|----|--------------------------|
| Key:                            | A = Allowed; MUP = Minor Use Permit approval required; CUP = Conditional Use Permit approval required            |      |     |     |     |     |    |   |     |     |     |     |     |     |   |    | Specific Use Regulations |
|                                 | M/A = Minor Use Permit approval required on ground floor along street frontage, allowed on second floor or above |      |     |     |     |     |    |   |     |     |     |     |     |     |   |    |                          |
| Land Use                        | Permit Requirement by Zoning District                                                                            |      |     |     |     |     |    |   |     |     |     |     |     |     |   |    | Specific Use Regulations |
|                                 | AG                                                                                                               | C/OS | R-1 | R-2 | R-3 | R-4 | PF | O | C-N | C-C | C-R | C-D | C-T | C-S | M | BP |                          |

**CANNABIS ACTIVITY**

| Cannabis                                       |  |  |  |  |  |  |  |     |  |  |  |     |  |  |  | See Section 17.86.080 |             |             |                                                                                                                                            |
|------------------------------------------------|--|--|--|--|--|--|--|-----|--|--|--|-----|--|--|--|-----------------------|-------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Specialty Cultivator                           |  |  |  |  |  |  |  |     |  |  |  |     |  |  |  | MUP                   | MUP         | MUP         |                                                                                                                                            |
| Small Cultivator                               |  |  |  |  |  |  |  |     |  |  |  |     |  |  |  | MUP                   | MUP         | MUP         |                                                                                                                                            |
| Nursery                                        |  |  |  |  |  |  |  |     |  |  |  |     |  |  |  | MUP                   | MUP         | MUP         |                                                                                                                                            |
| Manufacturing                                  |  |  |  |  |  |  |  |     |  |  |  |     |  |  |  | MUP                   | MUP         | MUP         |                                                                                                                                            |
| Distributor                                    |  |  |  |  |  |  |  |     |  |  |  |     |  |  |  | MUP                   | MUP         | MUP         |                                                                                                                                            |
| Microbusiness                                  |  |  |  |  |  |  |  |     |  |  |  | CUP |  |  |  | MUP/<br>CUP           | MUP/<br>CUP | MUP/<br>CUP | See Sec. 17.86.080(E)(12) for specific requirements per zone.                                                                              |
| Testing                                        |  |  |  |  |  |  |  | CUP |  |  |  |     |  |  |  | A                     | A           | A           | Director's action required. See also Sec. 17.86.080(E)(9).                                                                                 |
| Retailer (Delivery Only)                       |  |  |  |  |  |  |  |     |  |  |  |     |  |  |  | MUP                   | MUP         | MUP         |                                                                                                                                            |
| Retailer (Storefront with or without Delivery) |  |  |  |  |  |  |  |     |  |  |  | CUP |  |  |  | CUP                   |             |             | Existing retail storefronts that wish to provide delivery services shall modify their existing Conditional Use Permit to include delivery. |

**SECTION 4. Severability.** If any subdivision, paragraph, sentence, clause, or phrase of this Ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalid or unenforceability shall not affect the validity or enforcement of the remaining provisions of this Ordinance, or any other provisions of the City's rules and regulations. It is the City's express intent that each remaining portion would have been adopted irrespective of the fact that any one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

**SECTION 5.** A summary of this ordinance, together with the names of Council members voting for and against, shall be published at least five (5) days prior to its final passage, in The New Times, a newspaper published and circulated in this City. This ordinance shall go into effect at the expiration of thirty (30) days after its final passage.

**INTRODUCED** on the 3<sup>rd</sup> day of August 2024, **AND FINALLY ADOPTED** by the Council of the City of San Luis Obispo on the \_\_\_\_ day of \_\_\_\_, 2024, on the following vote:

- AYES:
- NOES:
- ABSENT:

\_\_\_\_\_  
Mayor Erica A. Stewart

ATTEST:

\_\_\_\_\_  
Teresa Purrington  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
J. Christine Dietrick  
City Attorney

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, on \_\_\_\_\_.

\_\_\_\_\_  
Teresa Purrington  
City Clerk