

## RESOLUTION NO. PC-XXXX-25

**A RESOLUTION OF THE CITY OF SAN LUIS OBISPO PLANNING COMMISSION RECOMMENDING THE CITY COUNCIL INTRODUCE AND ADOPT AN ORDINANCE AMENDING SECTION 17.86.080 (“CANNABIS”) OF TITLE 17 (“ZONING REGULATIONS”) OF THE MUNICIPAL CODE TO CLARIFY SPECIFIC LAND USE AND OPERATIONAL REQUIREMENTS FOR COMMERCIAL CANNABIS ACTIVITY. THE PROJECT IS EXEMPT FROM ENVIRONMENTAL REVIEW (CEQA) AS REPRESENTED IN THE PLANNING COMMISSION AGENDA REPORT AND ATTACHMENTS DATED APRIL 9, 2025 (CITYWIDE; CODE-0051-2025)**

**WHEREAS**, on May 15, 2018, the City Council adopted Ordinance No. 1647 (2018 Series), amending the Municipal Code (“SLOMC”) to establish regulations for commercial cannabis activity, including adoption of SLOMC Chapter 9.10 (Cannabis Regulations) and SLOMC § 17.86.080 (Cannabis Zoning Regulations), formerly Chapter 17.99; and

**WHEREAS**, on March 21, 2023, the City Council adopted Ordinance No. 1725 (2023 Series) modifying specific rules for commercial cannabis retail storefront operations including expansion of allowable hours of operation from between 9:00AM and 8:00PM daily to between 7:00AM and 9:00PM daily and allowing individuals 18 to 20 years of age who have a valid physician’s recommendation for medicinal cannabis to enter and access retail storefronts that possess a valid state of California cannabis retailer license with M-designation (For Medical Use); and

**WHEREAS**, on September 18, 2018, the City Council adopted Ordinance No. 1653 (2018 Series), amending the City’s Zoning Regulations and Zoning Map to designate seven areas of the City as Cannabis Business Overlay Zones (“CBZ Overlay Zones”) where cannabis businesses may be located. Then, on May 16, 2023, the City Council adopted Ordinance No. 1727 (2023 Series), amending the Zoning Map to expand the CBZ Overlay Zones to include recently annexed areas of the City, including the Fiero Lane-Clarion Court and East Airport Areas; and

**WHEREAS**, upon adoption of the initial cannabis regulations on November 17, 2018, the City Council of the City of San Luis Obispo directed staff to return annually with an update to the City’s Cannabis Business Program, including recommendations for improvements based on operational and administrative experiences; and

**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 April 9, 2025, for the purpose of recommending an amendment to Section 17.86.080 (“Cannabis”) of Title 17 (“Zoning Regulations”) of the Municipal Code pursuant to a proceeding under CODE-0051-2025; City of San Luis Obispo, applicant; and

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

**WHEREAS**, the Planning Commission has duly considered all evidence, including the testimony of interested parties and the evaluation and recommendations provided by staff, presented at said hearing.

**NOW, THEREFORE, BE IT RESOLVED**, by the Planning Commission of the City of San Luis Obispo as follows:

**SECTION 1. Findings.** Based upon all evidence, the Planning Commission makes the following findings:

1. The proposed amendments to Municipal Code §§§ 17.86.080(E)(4)(e), 17.86.080(E)(10)(b)(iii), and 17.86.080(E)(12)(c)(v) are consistent with State Law and are declaratory of existing City law, ensuring clarity and regulatory consistency for both pending and future projects. These amendments clarify specific land use requirements for commercial cannabis activities consistent with the legislative intent of the currently adopted Zoning Ordinance. These amendments are intended to reflect the City's application of the buffer requirements since their adoption.

2. In adopting Municipal Code §17.86.080 (formerly Chapter 17.99) on May 15, 2018, the City Council found that the regulations balance the City's competing interests in allowing certain commercial and research-related cannabis activities desired by the majority of voters, with the public health, welfare, and safety concerns of the City. The proposed amendments to §§§ 17.86.080(E)(4)(e), 17.86.080(E)(10)(b)(iii), and 17.86.080(E)(12)(c)(v), as declaratory of existing law, accomplish the same.

3. The Council Agenda Report dated May 1, 2018, to establish the City's Cannabis Regulations, including the adoption of specific buffer requirements, clearly indicates that the City Council intended the buffer from residentially zoned areas to apply to areas within the CBZ Overlay Zones only.

4. The Council Agenda Report dated September 4, 2018, to formally establish the CBZ Overlay Zones states that the three-hundred-foot buffer requirement between residentially zoned land and retail storefronts applies from residential zoning that occurs within a CBZ Overlay Zone. Additionally, the CBZ Overlay Zones were designed to incorporate natural physical barriers—such as railroads and major roads—that inherently serve as buffers from sensitive sites, thereby minimizing potential impacts on public health and safety. Applying the 300-foot buffer requirement outside these overlay zones would unnecessarily restrict allowable commercial cannabis sites beyond what is necessary to ensure health and safety, as contemplated by the adoption of the overlay zones.

5. The terms “CAN Overlay” and “CBZ Overlay” have been used interchangeably. The proposed amendment to Municipal Code § 17.86.080(E)(5)(b) replaces “CAN Overlay” with “CBZ Overlay” to align with the adopted Zoning Map and Table 1- 1 (“Zones Established”) in SLOMC § 17.06.020(D).

6. The proposed amendments to Municipal Code §§ 17.86.080(E)(12)(c)(v)(ix) and 17.86.080(E)(12)(c)(v)(x) are consistent with State Law and the California Department of Cannabis Control (“DCC”) Regulations, specifically with DCC Regulations §§§ 15400, 15403, and 15500, which define regulations for commercial cannabis retail and microbusiness license holders.

7. The proposed amendments to Municipal Code §§ 17.86.080(E)(12)(c)(v)(ix) and 17.86.080(E)(12)(c)(v)(x) are consistent with Municipal Code § 17.86.080(E)(12)(c)(i) which requires microbusinesses authorized to engage in retail sales to comply with the regulations established for retail commercial cannabis activity.

8. The proposed amendment to Municipal Code § 17.86.080(A) does not alter or affect federal law, and it revises the purpose statement to remove the specific CSA classification of cannabis. This change ensures that the regulation remains effective regardless of any future federal scheduling changes.

**SECTION 2. Environmental Determination.** The recommended actions were reviewed in accordance with the California Environmental Quality Act (CEQA) Guidelines and are determined to be exempt from environmental review pursuant to CEQA Guidelines Section § 15301(b)(3) (General Rule Exemption), which exempts activities that can be seen with certainty to have no possibility for causing a significant effect on the environment. Project-specific environmental review will be required for any new commercial cannabis activity.

**SECTION 3. Action.** The Planning Commission hereby recommends to the City Council the introduction and adoption of an ordinance to amend § 17.86.080 (“Cannabis”) of Title 17 (“Zoning Regulations”) of the Municipal Code to clarify specific land use and operational requirements for commercial cannabis activity as set forth in Exhibit A and incorporated herein.

Upon motion of \_\_\_\_\_, seconded by \_\_\_\_\_ and on the following roll call vote:

AYES:

NOES:

ABSENT:

The foregoing resolution was passed and adopted this 9<sup>th</sup> day of April 2025.

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Tyler Corey, Secretary  
Planning Commission

EXHIBIT A

**DRAFT ORDINANCE NO. \_\_\_\_ (2025 SERIES)**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, AMENDING SECTION 17.86.080 (“CANNABIS”) OF TITLE 17 (“ZONING REGULATIONS”) OF THE MUNICIPAL CODE TO CLARIFY SPECIFIC LAND USE AND OPERATIONAL REQUIREMENTS FOR COMMERCIAL CANNABIS ACTIVITY. THE PROJECT IS EXEMPT FROM ENVIRONMENTAL REVIEW (CEQA)**

**WHEREAS**, on May 15, 2018, the City Council adopted Ordinance No. 1647 (2018 Series), amending the Municipal Code (“SLOMC”) to establish regulations for commercial cannabis activity, including adoption of SLOMC Chapter 9.10 (Cannabis Regulations) and SLOMC § 17.86.080 (Cannabis Zoning Regulations), formerly Chapter 17.99; and

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**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 April 9, 2025, for the purpose of recommending an amendment to Section 17.86.080 (“Cannabis”) of Title 17 (“Zoning Regulations”) of the Municipal Code pursuant to a proceeding under CODE-0051-2025; City of San Luis Obispo, applicant; and

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

**WHEREAS**, the Planning Commission has duly considered all evidence, including the testimony of interested parties and the evaluation and recommendations provided by staff, presented at said hearing.

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

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

1. The proposed amendments to Municipal Code §§§ 17.86.080(E)(4)(e), 17.86.080(E)(10)(b)(iii), and 17.86.080(E)(12)(c)(v) are consistent with State Law and are declaratory of existing City law, ensuring clarity and regulatory consistency for both pending and future projects. These amendments clarify specific land use requirements for commercial cannabis activities consistent with the legislative intent of the currently adopted Zoning Ordinance. These amendments are intended to reflect the City's application of the buffer requirements since their adoption.

2. In adopting Municipal Code § 17.86.080 (formerly Chapter 17.99) on May 15, 2018, this Council found that the regulations balance the City's competing interests in allowing certain commercial and research-related cannabis activities desired by the majority of voters, with the public health, welfare, and safety concerns of the City. The proposed amendments to Municipal Code §§§ 17.86.080(E)(4)(e), 17.86.080(E)(10)(b)(iii), and 17.86.080(E)(12)(c)(v), as declaratory of existing law, accomplish the same.

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6. The proposed amendments to Municipal Code §§ 17.86.080(E)(12)(c)(v)(ix) and 17.86.080(E)(12)(c)(v)(x) are consistent with State Law and the California Department of Cannabis Control (“DCC”) Regulations, specifically with DCC Regulations §§ 15400, 15403, and 15500, which define regulations for commercial cannabis retail and microbusiness license holders.

7. The proposed amendments to Municipal Code §§ 17.86.080(E)(12)(c)(v)(ix) and 17.86.080(E)(12)(c)(v)(x) are consistent with Municipal Code § 17.86.080(E)(12)(c)(i) which requires microbusinesses authorized to engage in retail sales to comply with the regulations established for retail commercial cannabis activity.

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**SECTION 2. Environmental Determination.** The recommended actions were reviewed in accordance with the California Environmental Quality Act (CEQA) Guidelines and are determined to be exempt from environmental review pursuant to CEQA Guidelines § 15301(b)(3) (General Rule Exemption), which exempts activities that can be seen with certainty to have no possibility for causing a significant effect on the environment. Project-specific environmental review will be required for any new commercial cannabis activity.

**SECTION 3. Action.** The City Council hereby adopts an ordinance amending Section 17.86.080 (“Cannabis”) of Title 17 (“Zoning Regulations”) of the Municipal Code to clarify specific land use and operational requirements for commercial cannabis activity.

Section 17.86.080 (“Cannabis”) of Title 17 (“Zoning Regulations”) of the City of San Luis Obispo Municipal Code is hereby amended as follows:

**17.86.080 Cannabis.**

A. *Purpose.* The purpose of this section is to protect the public health, safety, and welfare, enact strong and effective regulatory and enforcement controls in compliance with state of California law, protect neighborhood character, and minimize potential for negative impacts on people, communities, and the environment within the city of San Luis

Obispo by establishing land use requirements and development standards for cannabis activities. Cannabis activity, as defined in Section [17.156.008](#) (C Definitions), includes the cultivation, possession, manufacturing, processing, storing, laboratory testing, labeling, transporting, distribution, delivery, or sale of cannabis or a cannabis product for either personal or commercial use. Therefore, this section recognizes that cannabis activities require land use controls due to state legal constraints on cannabis activity, and the potential environmental and social impacts associated with cannabis activity. Nothing in this section is intended to affect or alter federal law, ~~which identifies marijuana (cannabis) as a Schedule I controlled substance.~~

B. *Applicability.* Nothing in this section shall be construed to allow any conduct or activity relating to the cultivation, distribution, dispensing, sale, or consumption of cannabis that is otherwise illegal under local or state law, statute, rule or regulation. It is neither the intent nor the effect of this chapter to condone or legitimize the illegal use, consumption or cultivation of cannabis under state or local law and nothing herein is intended to interpret, alter, interfere with or in any way affect otherwise applicable federal law.

C. *Definitions.* See Chapter [17.156](#), Land Use Definitions (Table 2-1: Uses Allowed by Zone). Terms used in this section that are defined terms under state cannabis statutes or regulations shall have the same meaning as the respective state definition, as now defined or as the definition may be amended by the state in the future, except as otherwise specifically provided in Chapter [17.156](#), Land Use Definitions (Table 2-1: Uses Allowed by Zone), or Chapter [9.10](#), Cannabis Regulations.

D. *Personal Cultivation.*

1. *Indoor Personal Cultivation.* Indoor personal cultivation of cannabis does not require a permit and is allowed in all private residences subject to all the following minimum performance standards:

a. All indoor personal cultivation shall occur only inside a private residence or fully enclosed and secure accessory building or structure to a private residence. Accessory building or structure for indoor personal cultivation of cannabis does not include a greenhouse or hoop structure.



- b. Structures and equipment used for indoor cultivation, such as indoor grow lights, shall comply with all applicable building, electrical and fire code regulations as adopted by the city.
- c. All accessory buildings and structures used for indoor cultivation shall comply with the city's zoning regulations and building codes.
- d. Indoor personal cultivation of cannabis may occur inside a dwelling and/or an accessory building or structure, subject to the following restrictions:
  - i. The cumulative cultivation for cannabis shall not exceed six cannabis plants per private residence.
  - ii. All personal cultivation shall be conducted by persons twenty-one years of age or older, and the cumulative total of cannabis plants per private residence, indoor and outdoor, shall not exceed six cannabis plants, regardless of the number of persons residing on the property.
- e. Personal cultivation of cannabis shall not interfere with the primary occupancy of the building or structure, including regular use of kitchen(s) or bathroom(s).
- f. Cannabis cultivation must be concealed from public view at all stages of growth and there shall be no exterior evidence of cannabis cultivation occurring at the property visible with normal unaided vision from any public place, or the public right-of-way. Personal cultivation of cannabis shall be shielded to confine light and glare to the interior of the structure.
- g. Nothing in this section is intended, nor shall it be construed, to preclude any landlord from limiting or prohibiting personal cultivation of cannabis by tenants.
- h. Nothing in this section is intended, nor shall it be construed, to authorize commercial cultivation of cannabis at a private residence.
- i. Personal cultivation of cannabis shall not create: offensive odors or excessive dust, heat, noise, light, glare, smoke, traffic, or hazards due to the use or storage of materials, processes, products or wastes, or other unreasonable impacts to persons of normal sensitivity who are living, working or lawfully present in the vicinity of the personal cultivation.

j. Cannabis cultivation areas in a private residence shall be locked at all times when the cultivator is not present.

2. *Outdoor Personal Cultivation.* Outdoor personal cultivation of cannabis does not require a permit and is allowable at all private residences, subject to all of the following minimum performance standards:

a. Outdoor personal cultivation of cannabis is not permitted in the front yard between the public right-of-way and the private residence. Outdoor personal cultivation is only permitted in a rear or side yard that is entirely enclosed by a solid, opaque fence that is associated with a private residence used for residential purposes.

b. The cannabis plants shall be placed at a minimum setback of five feet from the edge of canopy to the property line.

c. Cannabis cultivation must be concealed from public view at all stages of growth and there shall be no exterior evidence of cannabis cultivation occurring at the property visible by normal unaided vision from a public place or the public right-of-way. Cultivation may occur within a greenhouse or hoop structure (as long as it complies with the performance standards), but mixed light cultivation is prohibited.

d. All outdoor personal cultivation shall be conducted by persons twenty-one years of age or older.

e. The cumulative total of cannabis plants cultivated outdoor shall not exceed six cannabis plants per parcel containing a private residence, regardless of the number of persons residing on the property, and regardless of the number of private residences on the parcel.

f. Nothing in this section is intended, nor shall it be construed, to preclude any landlord from limiting or prohibiting cannabis cultivation by tenants.

g. Nothing in this section is intended, nor shall it be construed, to authorize commercial cultivation of cannabis at a private residence outdoors.

h. Outdoor personal cultivation of cannabis shall not create: offensive odors or excessive dust, heat, noise, light, glare, smoke, traffic, or hazards due to the use

or storage of materials, processes, products or wastes, or other unreasonable impacts to people of normal sensitivity living, working or lawfully present in the vicinity of the personal cultivation.

E. *Commercial Cannabis Businesses.*

1. *Commercial Cannabis Operator Permit.*

a. No person or entity shall operate or conduct a commercial cannabis activity or commercial cannabis business without first obtaining both a commercial cannabis operator permit from the city pursuant to Chapter [9.10](#), Cannabis Regulations, and a use permit from the city pursuant to this chapter to conduct the commercial cannabis activity at a specific location. Any permit authorizing commercial cannabis activity pursuant to this chapter shall be conditioned upon the holder obtaining and maintaining a city commercial cannabis operator permit and the appropriate state license for the activity.

b. A commercial cannabis activity pursuant to this chapter may be transferred, assigned, or bequeathed, by operation of law or otherwise as described in Section [9.10.120](#).

c. The commercial cannabis operator permit must be renewed each year.

d. Expiration of the use permit shall be consistent with Section [17.104.070](#).

2. *No Vested Right to Operate.* No person shall have any entitlement or vested right to operate a cannabis business solely by virtue of licensing under these regulations. Operation of cannabis activity(ies) requires both the approval of a conditional use permit and a commercial cannabis operator permit under Chapter [9.10](#), which is a revocable privilege and not a right in the city. The applicant bears the burden of proving that all qualifications for licensure have been satisfied and continuously maintained prior to conducting a cannabis business at an otherwise allowed location within the city.

3. *State Application Required.* Filing a local application for cannabis activity(ies) with the city does not constitute an application with the state of California. A separate state application and license process must be followed through with the state.

4. *Application Requirements.* All commercial cannabis activities require qualification through the commercial cannabis operator selection approval process in Chapter [9.10](#), Cannabis Regulations, a state license and a use permit for a specific location pursuant to this chapter. The application for a use permit shall include the following information:

- a. Site plan, floor plans, and a general description of the nature, square-footage, parking and type of cannabis activity(ies) being requested.
- b. An operations plan including:
  - i. A security plan to the approval of the chief of police, pursuant to criteria approved by resolution of the city council, including but not limited to on-site security measures both physical and operational and, if applicable, security measures for the delivery of cannabis associated with the commercial cannabis business and payment of taxes and fees;
  - ii. Plan for restriction of access by minors;
  - iii. Employee safety and training plan;
  - iv. Odor, noise and light management plan;
  - v. Estimated energy usage and energy efficiency plan;
  - vi. Estimated water usage and water efficiency plans;
  - vii. Waste management plan; and
  - viii. For retail sales, provide an educational material dissemination plan.
- c. Proposed signage:
  - i. Must comply with city's sign regulations for size, area and type of sign, no exceptions allowed.
  - ii. Internal illumination of signs is prohibited.
  - iii. No portion of the cannabis plant may be used in any sign visible from the public right-of-way.

- iv. Provide sign size, height, colors, and design of any proposed signage at the site.
  - v. Must include a sign inside the premises that states: "Smoking, ingesting, vaping, eating or consuming cannabis or cannabis products on this site or in a public place is prohibited."
  - vi. Must include a sign at each entrance of a retail storefront that prohibits persons under twenty-one years of age from entering.
- d. An analysis that demonstrates neighborhood compatibility and a plan for addressing potential compatibility issues.
- e. Applications for retail storefronts shall include a vicinity map showing at least one thousand feet of surrounding area and the distances to the following uses: 1) one thousand feet from any preschool, elementary school, junior high school, high school, public park or playground, whether located within or outside a CBZ Overlay Zone; 2) six hundred feet from any licensed daycare center, whether located within or outside a CBZ Overlay Zone; and 3) three hundred feet from a residentially zoned areas located within a CBZ Overlay Zone. Youth centers do not require a buffer. Distance shall be measured from the nearest point of the property line of the site that contains the commercial cannabis activity to the nearest point of the property line of the enumerated use using a direct straight-line measurement.
- f. Proof of ownership, option to purchase, (or lease agreement or option to lease with landowner's express written consent to the proposed commercial cannabis activity(ies) to be conducted on the premises) or other proof of right to apply for the permit at the location.
- g. A list of all other uses on the property.
5. *Commercial Cannabis Development Standards.* Each cannabis business is required to meet the following standards:
- a. Qualification through the Chapter [9.10](#), Cannabis Regulations, commercial cannabis operator selection process to apply for a commercial cannabis operator permit. Submittal of a use permit application to conduct the commercial cannabis

business within the zones specified for each type of commercial activity listed below.

b. Commercial cannabis facilities shall be allowed in areas demarcated with CAN CBZ overlay zoning and as allowed in the underlying zone for each type of commercial cannabis activity.

c. All commercial cannabis facilities shall be sited and/or operated in a manner that prevents cannabis odors from being detected off site. Commercial cannabis activities shall not create offensive or excessive odors, dust, heat, noise, light, glare, smoke, traffic, or hazards due to the use or storage of materials, processes, products or wastes, or other unreasonable impacts to people of normal sensitivity living, working or lawfully present in the vicinity of the commercial facility.

d. All commercial cannabis operations must be concealed from public view at all times and there shall be no exterior evidence of cannabis or cannabis products occurring at the property visible with normal unaided vision from any public place, or the public right-of-way. Commercial manufacturing of cannabis or cannabis products shall be shielded to confine light and glare to the interior of the structure.

e. All commercial cannabis facilities shall include adequate measures that address enforcement priorities for commercial cannabis activities, including restricting access to the public and to minors and ensuring that cannabis and cannabis products are only obtained from and supplied to other permitted licensed sources within the state and not distributed out of state.

f. The use permit to be issued under this chapter shall include, but is not limited to, the following conditions:

i. The obtaining and maintaining of the commercial cannabis operator permit and appropriate state license.

ii. Payment of all applicable current and future state and local taxes and all applicable commercial cannabis fees and related penalties established by the city council, including but not limited to application, administrative review, inspection, etc.

- iii. The commercial cannabis operator permit or a controlling interest in the permit may not be assigned, transferred or bequeathed, by operation of law or otherwise, unless permitted as described in Chapter [9.10](#), and the permit shall terminate automatically on such event.
- iv. Any commercial cannabis operator permit issued pursuant to this chapter and Chapter [9.10](#) expires after one year, unless renewed.
- v. Prohibition of on-site consumption of cannabis at: (A) a commercial cannabis business or commercial cannabis activity location; (B) any other business, club or cooperative or event, regardless if open to the public or only to members; and (C) anywhere an entry or other fee is charged to attendees or the host or thing of value or consideration is received or exchanged.
- vi. Prohibition of the possession, storage, sale, distribution or consumption of alcoholic beverages on the premises, or the holding of license from the State Division of Alcoholic Beverage Control for the sale of alcoholic beverages, or operating a business that sells alcoholic beverages on or adjacent to the commercial cannabis activity site.
- vii. No cannabis products or cannabis accessories may be displayed in windows or visible from the public right-of-way or from places accessible to the general public.
- viii. Prohibition of minors and persons under the age of twenty-one on the premises, even if accompanied by a parent or guardian, unless the person is at least eighteen years of age and is also in possession of a valid physician's recommendation for medical cannabis.
- ix. Outdoor storage of cannabis or cannabis products is prohibited.

6. *Commercial Cultivation.*

- a. *Commercial Cannabis Cultivation.* Commercial cannabis cultivation may be conditionally permitted indoors only, subject to the requirements of this section and the obtaining and maintaining of a commercial cannabis operator permit pursuant to Chapter [9.10](#), Cannabis Regulations, and appropriate state license, in the following zones:

- i. Service commercial (C-S);
  - ii. Manufacturing (M);
  - iii. Business park (BP).
- b. A maximum of seventy thousand square feet of cumulative canopy area (includes total canopy of either horizontal or vertical growing situations) for cultivation and nurseries shall be allowed for indoor commercial cannabis cultivation in the city within the zones identified above, including microbusinesses under subsection [\(E\)\(12\)](#) of this section.
- c. Outdoor commercial cannabis cultivation, including but not limited to cultivation in greenhouses, hoop structures, and by mixed light (part daylight/part artificial light), is prohibited. All commercial cannabis cultivation shall be conducted only inside a fully enclosed, legally permitted structure that meets all applicable building and other codes.
- d. Commercial cannabis cultivation conditional permits include the following:
- i. *Specialty Cultivator*. A maximum of no more than five thousand square feet of canopy of indoor cultivation (either in horizontal or vertical growing situations) and includes processing.
  - ii. *Small Cultivator*. A maximum of no more than ten thousand square feet of canopy of indoor cultivation (either in horizontal or vertical growing situations) and includes processing.
  - iii. *Nursery, Cannabis*. A maximum of no more than ten thousand square feet of indoor propagation area (either in horizontal or vertical growing situations).
- e. *Development Standards*.
- i. Compliance with subsection [\(E\)\(5\)](#) of this section, Commercial Cannabis Development Standards.
  - ii. Canopy areas shall be easily identifiable for inspection and measurement. Each unique area included in the total canopy calculation shall be separated



by an identifiable boundary such as an interior wall or by at least ten feet of open space (see “Canopy” definition in Chapter [17.156](#)).

iii. All indoor cannabis cultivation shall be designed to accomplish zero net energy use from the start of the operation.

iv. Pesticides and fertilizers shall be properly labeled, stored, and applied to avoid and prevent contamination through erosion, leakage, or inadvertent damage from rodents, pests, or wildlife.

7. *Manufacturing.*

a. *Manufacturing (Nonvolatile) Permissible.* Nonvolatile cannabis or cannabis products manufacturing may be conditionally permitted indoors only, subject to the requirements of this section and the obtaining and maintaining of a commercial cannabis operator permit pursuant to Chapter [9.10](#), Cannabis Regulations, and appropriate state license, in the following zones:

i. Service commercial (C-S);

ii. Manufacturing (M);

iii. Business park (BP).

b. *Manufacturing (Volatile) Prohibited.* Cannabis or cannabis products manufacturing involving volatile solvents, processes, compounds or substances is prohibited.

c. *Development Standards.*

i. Compliance with subsection [\(E\)\(5\)](#) of this section, Commercial Cannabis Development Standards.

ii. Outdoor manufacturing of cannabis or cannabis products is prohibited.

iii. A complete description of all products used in the manufacturing process including the cannabis supply chain, liquids, solvents, agents, and processes.

iv. Storage protocol and hazard response plan.

- v. Employee safety and training equipment plan, plus materials safety data sheet requirements, if any.

8. *Distribution.*

a. Commercial cannabis distribution may be conditionally permitted, subject to the requirements of this section and the obtaining and maintaining of a commercial cannabis operator permit pursuant to Chapter [9.10](#), Cannabis Regulations, and appropriate state license, in the following zones:

- i. Service commercial (C-S);
- ii. Manufacturing (M);
- iii. Business park (BP);

b. *Development Standards.*

- i. Compliance with subsection [\(E\)\(5\)](#) of this section, Commercial Cannabis Development Standards.

9. *Testing Laboratory.*

a. Commercial cannabis testing may be conditionally permitted, subject to the requirements of this section and the obtaining and maintaining of a commercial cannabis operator permit pursuant to Chapter [9.10](#), Cannabis Regulations, and appropriate state license, in the following zones:

- i. Service commercial (C-S);
- ii. Manufacturing (M);
- iii. Business park (BP);
- iv. Office (O).

b. *Development Standards.*

- i. Compliance with subsection [\(E\)\(5\)](#) of this section, Commercial Cannabis Development Standards.

- ii. The cannabis testing laboratory, as proposed, will comply with all the requirements of the state for the testing of cannabis, including dual licensure and participation in an authorized track-and-trace program.
- iii. The owners, investors, permittees, operators, and employees of the cannabis testing laboratory will not be associated with, nor have any financial interest in, any other form of commercial cannabis activity.
- iv. The cannabis testing laboratory is accredited by an appropriate accrediting agency as approved by the state and further described in Health and Safety Code Section [5238](#) and as it may be amended.
- v. The cannabis testing laboratory operating plan demonstrates proper protocols and procedures for statistically valid sampling methods and accurate certification of cannabis and cannabis products for potency, purity, pesticide residual levels, mold, and other contaminants according to adopted industry standards.

10. *Retail—Storefront.*

- a. Commercial cannabis storefront retail may be conditionally permitted, subject to the requirements of this section and the obtaining and maintaining of a commercial cannabis operator permit, and the appropriate state license, in the following zones:
  - i. Retail commercial (C-R);
  - ii. Service commercial (C-S).
- b. *Development Standards.*
  - i. Compliance with subsection [\(E\)\(5\)](#) of this section, Commercial Cannabis Development Standards.
  - ii. Only three retail storefronts, which must front arterial streets, will be allowed within the city. Selection of the retail commercial cannabis operator will be selected from qualified commercial cannabis operators as set forth in Chapter [9.10](#), Cannabis Regulations. One of the retail storefronts shall have a medicinal license and may also have an adult use license.

iii. Retail storefronts shall be located at least: 1) one thousand feet from any preschool, elementary school, junior high school, high school, public park or playground, whether located within or outside a CBZ Overlay Zone; 2) six hundred feet from any licensed day care center, whether located within or outside a CBZ Overlay Zone; and 3) three hundred feet from any residentially zoned area located within a CBZ Overlay Zone. Youth centers do not require a buffer. Distance shall be measured from the nearest point of the property line to the nearest point of the property line of the enumerated use using a direct straight-line measurement. A subsequently established use described herein shall not affect the continuation of a retail storefront in possession of a Use Permit issued under the standards of this Section and Chapter 9.10.

iv. Retail storefronts must be separated from each other by at least one thousand feet.

v. Hours of operation shall be limited between seven a.m. and nine p.m.

vi. Retail storefronts that possess a valid state of California cannabis retailer license with an A-designation must include a sign at each entrance of a retail storefront that prohibits persons under twenty-one years of age from entering. Retail storefronts that possess a valid state of California cannabis retailer license with an M-designation or both an A-designation and an M-designation must include a sign at each entrance of the retail storefront that prohibits persons under twenty-one years of age from entering unless the person is at least eighteen years of age and is also in possession of a valid physician's recommendation for medical cannabis.

11. *Retail—Non-Storefront (Delivery Services).*

a. Commercial cannabis non-storefront retail may be conditionally permitted, subject to the requirements of this section and the obtaining and maintaining of a commercial cannabis operator permit pursuant to Chapter [9.10](#), Cannabis Regulations, and the appropriate state license, in the following zones:

i. Service commercial (C-S);

ii. Manufacturing (M);

iii. Business park (BP).

b. *Development Standards.*

i. Compliance with subsection [\(E\)\(5\)](#) of this section, Commercial Cannabis Development Standards.

ii. Hours of delivery shall be limited between six a.m. to ten p.m.

12. *Microbusiness.*

a. Microbusinesses fall into two groups as described below and may be conditionally permitted, subject to the requirements of this section and the obtaining and maintaining of a commercial cannabis operator permit pursuant to Chapter [9.10](#), Cannabis Regulations, and the appropriate state license, in the following zones:

i. Microbusinesses with no more than fifty percent of the gross receipts being from cultivation, distribution and manufacturing are allowed in the following zones:

(a) Retail commercial (C-R).

ii. Microbusinesses with no more than fifty percent of the gross receipts being from storefront retail sales are allowed in the following zones:

(a) Manufacturing (M);

(b) Business park (BP).

iii. Microbusinesses located in the service commercial (C-S) zone are not limited by gross sales receipts from cultivation, distribution, manufacturing or retail sales.

b. Microbusinesses are subject to the seventy thousand square feet of canopy cultivation citywide limitation (either in horizontal or vertical growing situations) and the limit of three retail storefronts fronting arterial streets citywide set forth in subsection [\(E\)\(10\)](#) of this section.

c. *Development Standards.*

- i. Compliance with subsection [\(E\)\(5\)](#) of this section, Commercial Cannabis Development Standards.
- ii. A maximum of seventy thousand square feet of cumulative canopy for cultivation and nurseries shall be allowed for indoor cultivation in the city within the allowed land use zones.
- iii. All indoor cannabis cultivation shall be designed to accomplish zero net energy use from the start of the operation.
- iv. Pesticides and fertilizers shall be properly labeled, stored, and applied to avoid and prevent contamination through erosion, leakage, or inadvertent damage from rodents, pests, or wildlife.
- v. Only three retail storefronts, which must front arterial streets, will be allowed within the city. Selection of the retail commercial cannabis operator will be selected from qualified commercial cannabis operators as set forth in Chapter [9.10](#), Cannabis Regulations. One of the retail storefronts shall have a medicinal license and may also have an adult use license.
- vi. Any microbusiness with a retail storefront shall require a planning commission use permit.
- vii. Retail storefronts shall be located at least: 1) one thousand feet from any preschool, elementary school, junior high school, high school, public park or playground, whether located within or outside a CBZ Overlay Zone; 2) six hundred feet from any licensed day care center, whether located within or outside a CBZ Overlay Zone; and 3) three hundred feet from any residentially zoned area located within a CBZ Overlay Zone. Youth centers do not require a buffer. Distance shall be measured from the nearest point of the property line to the nearest point of the property line of the enumerated use using a direct straight-line measurement. A subsequently established use described herein shall not affect the continuation of a retail storefront in possession of a Use Permit issued under the standards of this Section and Chapter 9.10.
- viii. Retail storefronts must be separated from each other by at least one thousand feet.

ix. Hours of retail shall be limited to between ~~nine~~ seven a.m. to ~~eight~~ nine p.m. and delivery shall be limited to between six a.m. to ten p.m.

x. Retail storefronts that possess a valid state of California cannabis retailer license with an A-designation must include a sign at each entrance of a retail storefront that prohibits persons under twenty-one years of age from entering. Retail storefronts that possess a valid state of California cannabis retailer license with an M-designation or both an A-designation and an M-designation must include a sign at each entrance of the retail storefront that prohibits persons under twenty-one years of age from entering unless the person is at least eighteen years of age and is also in possession of a valid physician's recommendation for medical cannabis.

**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 \_\_\_\_ day of \_\_\_\_\_ 2025, **AND FINALLY ADOPTED** by the Council of the City of San Luis Obispo on the \_\_\_\_ day of \_\_\_\_\_, 2025, 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

END OF DOCUMENT