TO:             Honorable Mayor and City Council Members
FROM:          Luis Lopez, Development Services Director
SUBJECT:       Ordinance No. 1140 amending zoning regulations regarding commercial cannabis
activity facilities and retail cannabis businesses in order to expand the allowable locations and increase the number of allowable retailers, modify current zoning regulations for cannabis activity facilities, and make conforming amendments. (First Reading)

STAFF RECOMMENDATION:

Staff recommends that the City Council introduce for first reading, by title only, Ordinance No. 1140 amending Title 17 of the Coachella Municipal Code (Zoning) regarding commercial cannabis activity facilities and retail cannabis businesses in order to expand the allowable locations and increase the number of allowable retailers, modify current zoning regulations for cannabis activity facilities, and make conforming amendments.

EXECUTIVE SUMMARY:

This item was previously heard by the City Council on May 8, 2019 at which time the public was allowed an opportunity to testify regarding the proposed zoning regulations. After a detailed discussion and deliberations, the City Council directed staff to return with changes to the draft Ordinance that would modify the proposed Retail Cannabis zoning regulations as follows:

1) Modify the Sub-Zone #1 (Pueblo Viejo) Retail Cannabis Map boundaries to exclude currently-qualifying parcels fronting on streets around the perimeter of Veterans Park (namely Vine Street, and Orchard Avenue).

2) Modify the Sub-Zone #2 (Glenroy Resort) Retail Cannabis Map boundaries to include the AM/PM property at the southwest corner of Avenue 48 and Grapefruit Boulevard.

3) Modify the Sub-Zone #3 (Dillon Road) Retail Cannabis Map boundaries to exclude the 45 acres of Native American (Federal Trust) lands west of the TA Truck Stop and add the parcels fronting on Camp Court, east of Dillon Road.

4) Amend the Zoning regulations to allow for a maximum of two (2) retail cannabis dispensaries in Sub-Zone #2 (Glenroy Resort), and allow the “Roots Dispensary” applicant to pursue a conditional use permit at this location.
5) Prohibit Retail Cannabis dispensaries on the south side of Avenue 52 in the Industrial Park Overlay Zone.

On April 17, 2019 the Planning Commission recommended to the City Council approval of the attached Draft Ordinance, as presented by staff. During the public hearing there were several speakers that provided testimony. The Planning Commission did not reach a majority consensus to add AM/PM property to Sub Zone #2 and allow another dispensary there. However, they stated for the record that this should come back with more information for further deliberations.

**BACKGROUND:**

In November of 2016, voters approved Proposition 64, otherwise known as the Control, Regulate, Tax Adult Use of Marijuana Act (“AUMA”) which legalized the adult use of cannabis and created a statutory framework for the state to regulate adult use of cannabis. Senate Bill 94, adopted on June 27, 2017, reconciled standards for medical cannabis with the standards for adult use cannabis activity under a single law, entitled Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”).

The City of Coachella adopted Chapter 17.85 “Medical Cannabis Cultivation Facilities,” in January 2016, to allow commercial medicinal cannabis cultivation, manufacturing, testing, distribution, and transportation activities in the wrecking yard (M-W) zone with a conditional use permit (“CUP”). Since then, the City has allowed both medicinal and adult use cannabis cultivation, manufacturing, testing, distribution, and transportation activities in the M-W zone and IP Overlay Zone for all commercial cannabis activity, and general commercial C-G for testing laboratories only with a CUP. All such businesses also require a regulatory permit to operate.

A City Council study session was held on June 6, 2017 at which time City staff was given direction to prepare and present an ordinance regulating retail cannabis businesses. During the study session, the City Council discussed various potential zoning limitations including areas within the City that would be suitable and would benefit by such uses, distance limitations between retail cannabis businesses themselves, and distance limitations between these businesses and schools. The City Council took public comment at the meeting, which was generally in favor of allowing such uses. Commenters asked that retail cannabis businesses be allowing in commercial areas, asked the Council to be “business friendly” when considering such uses, and to carefully think about and plan for revenue generated.

In February 2018, the City Council adopted an ordinance, which among other things, allowed up to four retail cannabis businesses to operate within the Pueblo Viejo and on the Glenroy Resort property. At a later City Council study session on January 23, 2019, the City Council gave direction to expand the areas where retail cannabis businesses could locate and increase the number of retail cannabis businesses that could operate within the City.
**DISCUSSION/ANALYSIS:**

**SUMMARY**

The enclosed Ordinance No. 1140 has been prepared by staff and the City Attorney to amend the City’s cannabis cultivation, manufacturing, testing, distribution, and retail business zoning regulations found in Coachella Zoning Code Chapters 17.34, 17.46, 17.47, 17.84 and 17.85, including those recommended changes directed by the City Council on May 8, 2019. The following bolded summary identifies the proposed changes with a bolded text title and an explanation for each code amendment.

**COACHELLA MUNICIPAL CODE (“CMC” OR “CODE”) SECTION 17.34.020 M-W (WRECKING YARD) ZONE, PERMITTED USES **AMENDED**

CMC section 17.34.020 discusses permitted and conditional uses in the M-W Wrecking Yard Zone. Subsection C(7) currently states a conditional use permit is required to operate medical cannabis cultivation, manufacturing, distribution, testing, and transportation facilities.

Subsection C (7) has been amended such that both medical and non-medical cannabis businesses, including retail, are conditionally permitted in the M-W Zone. The term “transportation” has been removed because the State no longer issues transportation licenses.

**CMC CHAPTER 17.46 IP INDUSTRIAL PARK OVERLAY ZONE **AMENDED**

Allows retail cannabis businesses in the IP Industrial Park Overlay Zone.

Currently, Chapter 17.46 only allows cannabis cultivation, processing, testing, manufacturing, and distribution in the IP Industrial Park Overlay Zone—retail cannabis businesses are not permitted in this zone.

The proposed changes to Chapter 17.46 would allow retail cannabis businesses, including microbusinesses, within the IP Industrial Park Overlay Zone in addition to cultivation, testing, manufacturing, and distribution.

Minimum project area has been reduced from thirty (30) acres to ten (10) acres.

The existing Chapter 17.46 requires a minimum project area of thirty (30) acres in the IP Industrial Park Overlay Zone.

On January 23, 2019, the City Council held a study session to give staff direction on retail cannabis zoning regulations. At the study session, the City Council gave direction to reduce the “minimum project area” size from thirty (30) acres to ten (10) acres, in the MS-IP (Manufacturing Service - Industrial Park) overlay zone, for new cannabis businesses. Additionally, the zoning regulations will prohibit retail cannabis dispensaries to be located within 800 feet of the Avenue 52 street right-of-way as shown in the exhibit below.
CMC CHAPTER 17.47 RC RETAIL CANNABIS OVERLAY ZONE **AMENDED**

Modify Sub-Zone #1 - Pueblo Viejo/Downtown area.

Current Chapter 17.47 limits Sub-Zone #1 to allow projects either along the west side of Grapefruit Boulevard (State Highway 111) between 2nd Street and 9th Street, on the east side of Grapefruit Boulevard between 4th Street and 9th Street, parcels fronting on 6th Street between Grapefruit Boulevard and Vine Street, parcels fronting on 4th Street / 5th Street / 7th Street / 8th Street/ North side of 9th Street that are within 225 feet of Grapefruit Boulevard as shown on the exhibit below.
Addition of New Sub-Zone #3 - Dillon Road Corridor.

The proposed Chapter 17.47 includes a Sub-Zone #3 which applies to projects that are located along either side of Dillon Road, between State Highway 86 and Vista Del Norte; and have either a front or side lot line fronting Dillon Road or Camp Court; and are zoned C-G (General Commercial). This Sub-Zone was originally proposed when the City first looked at allowing retail cannabis businesses in the RC Retail Cannabis Overlay Zone, but City Council removed it in favor of developing the Pueblo Viejo/Downtown corridor first. At the January 23, 2019 study session, City Council gave staff direction to revisit Sub-Zone #3. The boundaries have been adjusted to remove Native American (Federal trust) lands as shown below.
Microbusinesses are conditionally permitted in the RC Retail Cannabis Overlay Zone.

The current RC Retail Cannabis Overlay Zone does not specify the property development standards for microbusinesses. Section 17.47.060 G. has been added to specifically allow microbusinesses in the RC Retail Cannabis Overlay Zone. To apply for and obtain a conditional use permit, the microbusiness applicant must engage in at least three (3) of the following commercial cannabis activities: cultivation, manufacturing, distribution, and retail sale. Cultivation shall be limited to an area less than 10,000 square feet. Any manufacturing shall use non-volatile solvents or no solvents.

**CMC Chapter 17.84 RC Retail cannabis businesses **Amended**

Update definitions to comply with State law.

Definitions have been amended and added to Code section 17.84.020 to reflect current State law.
Increase the number of retail cannabis businesses in the City.

Currently, four (4) retail cannabis businesses can operate in the City with three operating in Sub-Zone #1 and one operating in Sub-Zone #2.

The proposed changes to Chapter 17.84 would allow ten (10) retail cannabis businesses to operate in the City. Up to five (5) retail cannabis businesses could operate in Sub-Zone #1, two (2) could operate in Sub-Zone #2, and the remaining retail cannabis businesses may operate in the M-W Wrecking Yard Zone, the IP Industrial Park Overlay Zone, and/or Sub-Zone #3.

Increase the zones where retail cannabis businesses may operate.

The Municipal Code allows retail cannabis to operate in the RC Retail Cannabis Overlay Zone. The overlay zone includes the Pueblo Viejo/Downtown corridor and the Glenroy/Indigo Hotel property site.

The proposed revisions to Chapter 17.84 would allow retail cannabis businesses in the M-W Wrecking Yard Zone and the MS-IP Industrial Park Overlay Zone, in addition to the RC Retail Cannabis Overlay Zone.

CMC chapter 17.85 commercial cannabis activity **amended**

Update definitions to comply with State law.

Definitions have been amended and added to Code section 17.85.020 to reflect current State law.

Minimum project area has been reduced from thirty (30) acres to ten (10) acres.

The existing Chapter 17.85 requires a minimum project area of thirty (30) acres in the IP Industrial Park Overlay Zone.

On January 23, 2019, the City Council held a study session to give staff direction on retail cannabis zoning regulations. At the study session, the City Council gave direction to reduce the “minimum project area” size from thirty (30) acres to ten (10) acres, in the MS-IP (Manufacturing Service - Industrial Park) overlay zone, for new cannabis businesses.

Fiscal Impact:

None.

Alternatives:

1) Introduce Ordinance No. 1140 for 1st reading, by title only, as recommended by staff and the Planning Commission.
2) Introduce Ordinance No. 1140 for 1st reading, by title only, with minor modification.
3) Continue this item and provide staff with direction.

RECOMMENDED ALTERNATIVE(s):

Staff recommends Alternative #1 or Alternative #2 above.

Attachments: 1. Ordinance No. 1140 - 1st Reading
2. Exhibit A – Re-Written Coachella Municipal Code §17.34.020; Chapters 17.46, 17.47, 17.84, and 17.85.