

**EFFECTIVE DATE
OF ORDINANCE**

ORDINANCE NO. ____ N.C.S.

Introduced by: _____

Seconded by: _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PETALUMA AMENDING SPECIFIED PROVISIONS OF THE CITY'S IMPLEMENTING ZONING ORDINANCE, ORDINANCE NO. 2300 N.C.S., TO PERMIT ON-SITE RETAIL CANNABIS SALES IN UP TO THREE LOCATIONS IN BUSINESS PARK AND INDUSTRIAL ZONES IN THE CITY, SUBJECT TO A VALID, ANNUAL COMMERCIAL CANNABIS BUSINESS PERMIT GRANTED BY THE CITY IN ACCORDANCE WITH THE PETALUMA MUNICIPAL CODE AND REGULATIONS PROUMULGATED BY THE CITY

WHEREAS, in November, 2016, California voters approved the Control, Regulate and Tax Adult Use of Marijuana Act, referred to in ballot materials as the Adult Use of Marijuana Act ("AUMA"), which established a regulatory scheme for nonmedical marijuana similar to that established for medical marijuana under the MMRSA; and

WHEREAS, following its adoption by California voters, the AUMA was codified in various provisions of state law, including in Article 2 entitled "Cannabis" in the Uniform Controlled Substances Act within the California Health and Safety Code, and in Division 10 entitled the "Medicinal and Adult-Use Cannabis Regulation and Safety Act" of the California Business and Professions Code; and

WHEREAS, as codified in the California Health and Safety Code and the California Business and Professions Code, the AUMA decriminalized for purposes of state law specified nonmedical cannabis uses pursuant to California Health and Safety Code section 11362.1, including: possession, processing, transporting, purchasing, obtaining and given away to persons 21 years old older, without compensation, not more than 28.5 grams of non-concentrated cannabis or not more than 8 grams of concentrated cannabis, including cannabis contained in cannabis products; possessing, planting, cultivating, harvesting, drying or processing not more than six living cannabis plants and possessing the cannabis produced by the plants; smoking or ingesting cannabis or cannabis products; and possessing, transporting, purchasing, obtaining, using, manufacturing, or giving away to persons 21 years of age or older without compensation cannabis accessories; and

WHEREAS, effective January 1, 2018, California's laws regulating cannabis were substantially revised by comprehensive legislation known as the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) which established a uniform licensing regime for both medical and adult-use cannabis; and

WHEREAS, in response to enactment of the AUMA and MAUCRSA, the City Council introduced on November 13, 2017 and subsequently adopted on December 4, 2017, Ordinance No. 2634 N.C.S. repealing and replacing former Chapter 10.15 of the Petaluma Municipal Code entitled "Medical Marijuana" with a new chapter 10.15 entitled "Cannabis" extending the City's cannabis regulations to non-medical cannabis uses in the City; and

WHEREAS, as specified in section 10.15.010, the purpose of Chapter 15 is to recognize and respect the will of the California voters in approving the AUMA through adoption of less restrictive local cannabis regulations, while at the same time promoting the public health, safety and welfare of the Petaluma community by protecting citizens from the secondary impacts associated with cannabis dispensaries and commercial

activity and cannabis delivery, preventing increased demand for police response, and maintaining access of qualified patients and primary caregivers to medical cannabis and medical cannabis products; and

WHEREAS, the City’s commercial cannabis regulations impose requirements for retail and wholesale cannabis businesses, including issuance by the City of an annual commercial cannabis permit, and requirements intended to protect the health, safety and welfare of the public and to avoid significant impacts from cannabis commercial activity by: limiting the location and number of permitted commercial cannabis establishments; establishing cannabis business employee age requirements, background check requirements, requiring compliance with the City’s cannabis business application process, and requiring compliance with the City’s cannabis commercial regulations and with applicable state cannabis laws and regulations; and

WHEREAS, adoption of updated retail cannabis regulations, including permitting storefront cannabis retail sales, is identified as one of the City Council’s top priorities; and

WHEREAS, the City Council held a workshop on March 11, 2024 to discuss the timing and scope of cannabis regulation amendments, and at the workshop, the Council supported staff’s recommendation on the number and location of storefront cannabis retail uses, and directed staff to move forward with the amendments utilizing a hybrid approach, with limited amendments occurring in the near term, and comprehensive amendments to follow; and

WHEREAS, on April 15, 2024, staff updated the City Council on the estimated milestones and timelines for each City Council goal, and the Council provided direction on an updated goals and priorities workplan, including updates to the City’s commercial cannabis regulations; and

WHEREAS, direction provided at the April 15, 2024 City Council meeting reiterated prior Council direction to prepare limited amendments to the City’s cannabis regulations, both in the City’s Municipal Code and the City’s Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S. (“IZO”), to allow storefront retail cannabis sales at up to 3 locations in areas zoned Business Park and Industrial, where retail and wholesale commercial cannabis activities are permitted under the City’s existing cannabis regulations; and

WHEREAS, pursuant to Chapter 25 of the IZO, the City of Petaluma Planning Director may initiate an IZO amendment, and the City Council may adopt the amendment upon the recommendation of the Planning Commission; and

WHEREAS, Section 25.010 of the IZO provides that no amendment that regulates matters listed in Government Code Section 65850 shall be made to the IZO unless the Planning Commission and City Council find the amendment to be in conformity with the City’s General Plan; and

WHEREAS, pursuant to IZO Sections 25.010 and 25.050.B, if the Planning Commission finds proposed IZO amendments to be in conformance with the Petaluma General Plan, and consistent with the public necessity, convenience, and general welfare, it may recommend amendment of the IZO to the City Council; and

WHEREAS, pursuant to IZO Sections 25.010 and 25.070, the City Council can amend the IZO if Council makes findings that the proposed IZO amendments to be in conformance with the Petaluma General Plan, and consistent with the public necessity, convenience, and general welfare; and

General Plan Consistency Findings

WHEREAS, this ordinance is consistent with the Business Park and Industrial land use designations contained in the adopted 2025 City of Petaluma General Plan and is consistent with guiding principles, goals, policies, and programs, as follows:

Guiding Principle # 8. Foster and promote economic diversity and opportunities.

This ordinance will create new jobs within the City of Petaluma across various sectors of the cannabis industry and attracting a diverse customer base. Cannabis retail stimulates economic activity and supports surrounding businesses. Revenue generated from cannabis sales can be reinvested into the local economy, further enhancing economic diversity and opportunity for all residents.

Guiding Principle #9. Expand retail opportunities to meet residents' needs and promote the City's fiscal health, while ensuring that new development is in keeping with Petaluma's character.

Allowing up to three cannabis retailers in a city can expand retail opportunities to meet residents' needs by providing a diverse range of products and services within the cannabis industry and the presence of cannabis retailers can contribute to the city's fiscal health by generating tax revenue and creating job opportunities.

Land Use Goal 1-G-1 Maintain a balanced land use program that meets the long-term residential employment, retail, industrial, education, recreation, and open space needs of the community.

Allowing up to three retail cannabis storefronts in the business park and industrial districts of the City can contribute to maintaining a balanced land use program in several ways. It will allow economic diversity that will provide additional revenue for the City which can be allocated towards various community needs and job opportunities within the community, while ensuring responsible regulation and compliance with local laws. Regulations requiring cannabis-related activities to maintain a certain distance from schools, childcare centers, parks, youth centers, and residential districts is consistent with this General Plan policy as appropriate buffers between cannabis-related activities and these uses maintains a balanced land use program by protecting residential, education, and open space uses from potential nuisances associated with cannabis production and sales. Furthermore, the limitation on the number of commercial cannabis licenses (2 delivery-only businesses; 3 storefront retail businesses) is consistent with this General Plan policy as it balances the need for expanded cannabis retail opportunities while maintaining the predominance of industrial uses in industrially-zoned areas.

Land Use Policy 1-P-8 Maintain Business Park uses by monitoring availability of industrial land area for possible expansion of high employment businesses.

The proposed action maintains current uses while expanding opportunities for additional cannabis retailers beyond the permitted two delivery permits. Storefront cannabis retailers are expected to create more job opportunities compared to delivery services alone, as they require staff for store maintenance, customer assistance, and security. This expansion not only enhances employment prospects but also enriches the local economy and provides a more comprehensive and accessible experience for consumers.

The Natural Environment Goal 4-G-6 Greenhouse Gas Emissions Reduce the contribution to greenhouse gases from existing sources and minimize the contribution of greenhouse gases from new construction and sources.

Allowing storefront cannabis retailers in Petaluma will decrease greenhouse gas emissions by eliminating the need for residents to travel to neighboring cities or the county to purchase cannabis from storefront locations. This reduction in travel distances will lead to fewer vehicle miles traveled, thereby

decreasing carbon emissions associated with transportation. By providing local access to cannabis products, the ordinance promotes convenience and sustainability, aligning with efforts to reduce the city's overall carbon footprint.

Economic Health & Sustainability Policy 9-P-13 Expand and diversify Petaluma's retail base.

The proposed amendments will broaden the retail options available in Petaluma, as previously residents could only purchase cannabis locally through delivery-only retail channels, whereas now they will have the additional option of purchasing locally from brick-and-mortar storefronts. This expansion of retail venues enhances accessibility and choice for Petalumans, offering a more diverse and convenient shopping experience within the city.

Economic Health & Sustainability Policy 9-P-14 Plan and locate retail uses appropriately to their types and the sites available.

Cannabis retail stores will exclusively be situated in business park and industrial districts within the City, maintaining a buffer zone to prevent storefronts in close proximity to residences or schools. This strategic placement aims to safeguard citizens from potential nuisances associated with cannabis-related activities, ensuring a harmonious coexistence between businesses and surrounding communities. Additionally, the limitation on the maximum number of commercial cannabis licenses (2 delivery-only businesses; 3 storefront retail businesses) is appropriate for the Business Park and Industrial land use designations and corresponding zoning designations as the limitation on these uses in these areas is minimal, consistent with the stated intent of the General Plan, which allows retail and service commercial uses within areas designated Business Park and Industrial, provided that they are secondary and ancillary in nature; and

Public Necessity, Convenience and Welfare Findings

WHEREAS, in accordance with Section 25.070 of the IZO, this ordinance is consistent with the public necessity, convenience and welfare in that it will:

- Provide opportunities for local, storefront retail sales of cannabis, which reduces the need for residents to travel to neighboring jurisdictions to obtain similar products and services, in turn decreasing vehicular travel and associated greenhouse gas emissions;
- Provide opportunities for local access to cannabis products, which increases convenience and sustainability of the local economy;
- Limit the location of storefront cannabis retail sales to ensure they are located in safe and appropriate locations regarding their location proximity to schools, childcare centers, parks, youth centers, libraries, and residentially zoned areas;
- Encourage responsible cannabis use through strict age verification;
- Provide a platform for professional assistance and advice on safe consumption of cannabis products;
- Make local storefront retail cannabis sales subject to issuance by the City of an annual cannabis business permit, subject to compliance with state and local regulations, including the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), government code sections 26000 – 26231.2, and the City's cannabis regulations;
- Foster economic diversity by creating new cannabis industry employment opportunities;

- Diversify the City's tax base, generating supplementary revenues that can be used to address various community needs, including, but not limited to, funding for infrastructure projects; and

WHEREAS, on April 25, 2024, a Notice of Public Hearing to be held on May 14, 2024 was published regarding consideration by the Petaluma Planning Commission of proposed amendments to the IZO to permit on-site retail sales of cannabis and cannabis products at a maximum of up to three locations in Business Park and Industrial zones, where similar retail and service commercial uses are already permitted; and

WHEREAS, on May 14, 2024, the Planning Commission held a duly noticed public hearing to receive and consider a staff report and comments from staff and the public on proposed amendments to the City's zoning ordinance to permit on-site retail cannabis sales, and proposed findings in accordance with the California Environmental Quality Act ("CEQA") concerning the proposed zoning amendments, and at the hearing all interested parties had the opportunity to be heard; and

WHEREAS, at the conclusion of the May 14, 2024 Planning Commission meeting, the Commission adopted a resolution recommending that the City Council adopt the text amendments contained in Exhibit A to the resolution to modify the IZO, Chapter 4, Section 4.030 – Allowable Land Uses and Permit Requirements and Chapter 28 – Glossary, and find the zoning amendments to be exempt from CEQA; and

WHEREAS, the proposed IZO amendments contained in Exhibit A to resolution adopted by the Planning Commission, if adopted by the City Council, would permit on-site commercial cannabis retail sales businesses in Business Park and Industrial zones only, where similar retail and service commercial uses are already permitted, and limit the number of storefront cannabis retail uses that can operate within the City to a maximum of three different locations subject to the development standards and all other applicable requirements set forth in the base zoning districts; and

WHEREAS, the Environmental Impact Report ("EIR") for the City's General Plan 2025 ("General Plan"), State Clearinghouse No. 2004082065, was certified in May, 2008, and evaluated possible environmental impacts associated with the implementation of the General Plan pursuant to CEQA and the CEQA Guidelines through 2025 to land use, transportation, parks and recreation, public services, public utilities and energy, hydrology, geology, seismicity and soils, biological resources, noise, air quality, visual resources, cultural resources, and hazardous material, and proposed feasible mitigation measures to reduce or eliminate potentially significant impacts or effects; and

WHEREAS, pursuant to CEQA Guidelines Sections 15061(b)(3) (General Rule), CEQA applies only to projects which have the potential to result in a significant effect on the environment, and where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA review, and there is no possibility that the proposed amendments to the City's cannabis regulations pursuant to this ordinance will result in a significant effect on the environment, because this ordinance merely establishes regulations governing storefront retail cannabis uses, and no cannabis businesses will be approved to operate as part of this action, and as a result, there is no possibility that the adoption of this ordinance may have a significant effect on the environment as future storefront retail cannabis businesses will be limited to a maximum of three for the entire city, and will be located on developed properties where similar retail and service commercial uses are already operating or permitted to operate, and accordingly, this ordinance is eligible for exemption pursuant to CEQA Guidelines Section 15061(b)(3); and

WHEREAS, pursuant to 15183 (Projects Consistent with a Community Plan or Zoning) of the CEQA Guidelines, projects that are consistent with the development density established by existing zoning, community plan, or general plan policies for which an EIR was certified shall not require additional environmental review,

except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site, and the proposed amendments to the city's cannabis regulations pursuant to this ordinance will allow operation of storefront retail cannabis uses which are similar to retail and service commercial uses that are already permitted to operate within areas designated as Business Park and Industrial in the City's General Plan, and because this ordinance will permit operation of a limited number of storefront cannabis retail establishments that are of a similar nature to retail and service commercial uses that are already permitted to operate, adoption and implementation of the this ordinance will not result in new or more severe impacts previously analyzed and disclosed in the General Plan EIR; and

WHEREAS, pursuant to Sections 15301, 15302, and 15303 of the CEQA Guidelines, this ordinance is categorically exempt from CEQA because the amendments to the City's cannabis regulations pursuant to this ordinance will allow commercial cannabis businesses with a City of Petaluma issued Commercial Cannabis Permit to: 1) re-tenant existing commercial and industrial facilities designed to support such uses; 2) replace, modify or otherwise reconstruct existing commercial and industrial facilities with a new structure of substantially the same size, purpose and capacity; and/or 3) construct new small structures including fences, gates, greenhouses, and small scale commercial and industrial facilities, and none of the exceptions to the use of categorical exemptions apply because (a) the locations in the City where commercial cannabis activity is permitted are not areas where it may impact an environmental resource of hazardous or critical concern; (b) and the amendments pursuant to this ordinance will not result in cumulative impacts; (c) and do not involve an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances; (d) and will not result in damage to scenic resources within a highway officially designated as a state scenic highway; (e) the locations in the City where commercial cannabis activity is permitted are not hazardous waste sites pursuant to Section 65962.5 of the Government Code, and (f) the amendments pursuant to this ordinance will not result in a substantial adverse change in the significance of a historical resource; and therefore, because none of the exceptions to the exemptions in CEQA Guidelines sections 15301, 15302 and 15303 apply, this ordinance qualifies for application of the Class 1, 2, and 3 categorical exemptions; and

WHEREAS, on June 7, 2024, and again on June 14, 2024, a Notice of Public Hearing to be held on June 17, 2024, was published regarding consideration by the City Council of proposed amendments to provisions in the City's Implementing Zoning Ordinance, Ordinance 2300 N.C.S., to permit on-site retail sales of cannabis and cannabis products at a maximum of up to three locations in Business Park and Industrial zones, where similar retail and service commercial uses are already permitted; and

WHEREAS, on June 17, 2024, the City Council held a duly noticed public hearing to receive and consider proposed amendments to provisions in the IZO, Ordinance 2300 N.C.S. pursuant to this ordinance to permit on-site retail sales of cannabis and cannabis products at a maximum of up to three locations in Business Park and Industrial zones, where similar retail and service commercial uses are already permitted, and an ordinance to adopt corresponding amendments to the City's cannabis regulations in the Petaluma Municipal Code to relocate the City's cannabis regulations to a new Chapter 6.10 entitled "Cannabis," and to permit on-site retail cannabis sales in up to three locations in zones specified in the IZO, subject to a valid, annual commercial cannabis business permit granted by the City, and to consider as well the accompanying staff report and comments from staff and the public;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Petaluma, as follows:

Section 1. Findings. The City Council of the City of Petaluma hereby finds as follows:

1. The above recitals are hereby declared to be true and correct and are incorporated into this ordinance as findings of the City Council.

2. California Environmental Quality Act Findings: This ordinance is statutorily and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Sections 15061(b)(3), 15183, 15301, 15302, and 15303, and based on the findings contained in the above recitals concerning CEQA. Therefore, this ordinance is not subject to further environmental review.
3. General Plan Consistency Findings: This ordinance is consistent with the Business Park and Industrial land use designations contained in the adopted 2025 City of Petaluma General Plan and is consistent with applicable General Plan guiding principles, goals, policies, and programs based on the above General Plan Consistency Findings.
4. Public Necessity, Convenience and Welfare Findings: In accordance with Section 25.070 of the IZO, this ordinance is consistent with the public necessity, convenience and welfare based on the above Public Necessity, Convenience and Welfare Findings.

Section 2. IZO Amended. The following provisions in the City's Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., are hereby amended in accordance with the following:

Chapter 28, Glossary

Retail Sale and Deliver[y] – Cannabis, is hereby replaced in its entirety to read as follows:

Retail Sale – Cannabis. means a maximum of up to three different premises permanently located in the City where cannabis is offered for on-site retail sale to consumers, and a maximum of up to two different premises permanently located in the City that deliver cannabis as part of a retail sale, with all such operations and premises licensed by the State of California pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act, California [Business and Professions Code](#) Section 26000 *et seq.*, as may be amended, in accordance State law, the requirements of this code, the Petaluma Municipal Code, and the current City of Petaluma Commercial Cannabis Permit Regulations. Unless otherwise specified, “cannabis retailer” means both a retailer selling medical cannabis and medical cannabis products to patients with valid physician’s recommendations, and a retailer offering adult-use cannabis and cannabis products for adults 21 years of age and over, in accordance State law, the requirements of this code, the Petaluma Municipal Code, and the current City of Petaluma Commercial Cannabis Permit Regulations.

Chapter 4, Zone Districts and Allowable Land Uses

Table 4.4 – Allowable Land Uses and Permit Requirements for Commercial, Business Park, and Industrial Zones, is hereby replaced in its entirety to read as follows:

Commercial, Business Park, and Industrial Zones					
TABLE 4.4 Allowed Land Uses and Permit Requirements for Commercial, Business Park, and Industrial Zones	P(16)	Permitted Use			
	CUP	Conditional Use Permit Required			
	S	Permit Requirement in Specific Use Regulations			
	A	Accessory Use			
	—	Use Not Allowed			
LAND USE TYPE (1)	Permit Required by Zone				Specific Use Regulations
	C1	C2	BP	I	
INDUSTRY, MANUFACTURING AND PROCESSING					
Artisan/Craft Product Manufacturing	—	—	P	P	
Catering Service, as a Primary Use	P(6)	P(6)	P	P	
Furniture and Fixtures Manufacturing, Cabinet Shop	—	—	—	P	
Laboratory – Medical, Analytical	—	—	P	P	
Laboratory – Cannabis	—	—	P(16,17)	P(16,17)	Muni Code 6.10
Laundry, Dry Cleaning Plants	—	—	—	P	
Manufacturing/Processing – Light	—	—	P	P	
Manufacturing/Processing – Medium Intensity	—	—	—	P	
Manufacturing/processing – Cannabis	—	—	P(16,17)	P(16,17)	Muni Code 6.105
Media Production	—	—	P	P	
Petroleum Product Storage and Distribution	—	—	—	CUP	
Printing and Publishing	—	—	P	P	
Recycling Facility	—	—	CUP	CUP	
Recycling Facility – Scrap and Dismantling Yard	—	—	—	—	
Retail Sale and Delivery – Cannabis	—	—	P(16,17)	P(16,17)	Muni Code 6.10
Research and Development	—	—	P	P	
Storage Yard – Outdoor	—	—	—	CUP	
Storage – Warehouse, Indoor Storage	—	—	CUP	P	
Wholesaling and Distribution	—	—	P	P	

Notes:

¹See glossary for land use definitions.

²[Home occupation](#) permit and business license required.

³Business license required.

4 Business license and compliance with Section [7.060](#) required.

5 Site plan and architectural review required and compliance with Section [7.040](#) required.

6 Use allowed only on an upper floor or behind a ground floor [street](#) fronting use; use in other locations allowed subject to a CUP.

7 [Permitted use](#) (P) if limited to a maximum of 5,000 square feet on the ground floor.

8 A CUP is required for overnight board and care.

9 Neighborhood serving and open at lunch.

10 Allowed only on floors above the ground floor.

11 Urgent care facilities may be located on the ground floor as a [street](#) fronting use.

12 Allowed only in a shopping center.

13 Use permitted only on Lakeville Highway between Baywood Drive and Casa Grande Road.

14 See Section [21.030](#) (Non-Residential Uses Abutting Residential Uses).

15 [Short-term vacation rental](#) permit, business license and transient occupancy tax certificate required (see Section [7.110](#)).

16 Use must be at least 600 feet from a [school](#) or a childcare center, at least 200 feet from [parks](#), youth centers, or the [library](#), and 100 feet from residential districts as measured from property line to property line.

17 All cannabis businesses must obtain an annual commercial cannabis permit.

18 Pursuant to Government Code Section [65850.7](#), this [Zoning](#) Ordinance requires no permit for stations.

19 Allowed with CUP when located on site of an existing [fueling station/gas station](#) land use.

20 To be processed as a major [conditional use](#) permit at the discretion of the Planning Commission. =

Section 3. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be unconstitutional, unlawful or otherwise invalid by a court of competent jurisdiction or preempted by state legislation, such decision or legislation shall not affect the validity of the remaining portions of this ordinance. The City Council of the City of Petaluma hereby declares that it would have passed and adopted this ordinance and each and all provisions thereof irrespective of the fact that any one or more of said provisions be declared unconstitutional, unlawful, or otherwise invalid.

Section 4. Effective Date. This ordinance shall become effective thirty (30) days after the date of its adoption by the Petaluma City Council.

Section 5. Posting/Publishing of Notice. The City Clerk is hereby directed to publish or post this ordinance or a synopsis for the period and in a manner provided by the City Charter and other applicable law.

INTRODUCED and ordered published and posted this 17th day of June, 2024.

Ayes:
Noes:
Abstain:
Absent:

ADOPTED this ____ day of _____, 2024, by the following vote:

Ayes:
Noes:
Abstain:
Absent:

Kevin McDonnell, Mayor

ATTEST:

APPROVED AS TO FORM:

Caitlin Corley, CMC, City Clerk

Eric Danly, City Attorney