

RESOLUTION NO. 2024 - XX

**RESOLUTION OF THE CITY OF PETALUMA PLANNING COMMISSION
RECOMMENDING THAT THE CITY COUNCIL ADOPT ZONING TEXT
AMENDMENTS TO THE CITY OF PETALUMA IMPLEMENTING ZONING
ORDINANCE, ORDINANCE 2300 N.C.S., CHAPTER 4: ZONE DISTRICTS AND
ALLOWABLE LAND USES, AND CHAPTER 28: GLOSSARY 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**

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 newly adopted legislation known as the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) which established 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, Ordinance No. 2634 N.C.S. promotes 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, section 10.15.010 of Ordinance 2634 N.C.S. provides that 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; and

WHEREAS, the City’s Commercial Cannabis regulations impose requirements for retail and wholesale cannabis businesses, including issuance by the City of a valid, 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 a Retail Cannabis Ordinance is identified as one of the City’s top ten priorities and provides direction to update the City’s commercial cannabis regulations to permit storefront cannabis retail sales; and

WHEREAS, at the City Council meeting on March 11, 2024 staff conducted a workshop to discuss the timing and scope of cannabis regulation amendments; and

WHEREAS, at the March 11, 2024 workshop, the City Council 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, at the March 11, 2024 workshop, the City Council supported staff’s recommendation on the number and location of storefront cannabis retail uses; and

WHEREAS, on April 15, 2024 the City Council received an update from staff on the estimated milestones and timelines for each 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 that staff prepare limited amendments to the City 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 current Cannabis Ordinance; ; and

WHEREAS, the City of Petaluma Implementing Zoning Ordinance (IZO) Section 25.010 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 General Plan; and

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

WHEREAS, pursuant to IZO Sections 25.010 and 25.050.B, if the Planning Commission finds the 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, the text amendments contained in Exhibit A to this resolution to modify the City’s Implementing Zoning Ordinance, Chapter 4, Section 4.030 – Allowable Land Uses and Permit Requirements and Chapter 28 – Glossary implement the requirements in Section 10.15.040(A) of the Petaluma Municipal Code; and

WHEREAS, the text amendments contained in Exhibit A to this resolution involve permitting uses that are subject to compliance with all applicable state laws including the AUMA, MAUCRSA, and the provisions of the California Department of Toxic Substance Control; and

WHEREAS, the text amendments contained in Exhibit A to this resolution direct commercial cannabis businesses to Business Park and Industrial zones where similar retail and service commercial uses are already permitted in a secondary and ancillary nature; and

WHEREAS, the text amendments limit the number of storefront cannabis retail uses that can operate within the city on parcels zoned Business Park and Industrial, which will ensure these uses occur in a secondary and ancillary nature consistent with the City of Petaluma General Plan; 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, on-site cannabis retail sales permitted in Business Park and Industrial zones in the City pursuant to this ordinance would be subject to the development standards and all other applicable requirements set forth in the base zoning districts; and

WHEREAS, on April 25, 2024, the City’s Notice of Public Hearing to be held on May 14, 2024, before the City of Petaluma Planning Commission, was published; and

WHEREAS, the Planning Commission held a duly noticed public hearing on May 14, 2024, at which time all interested parties had the opportunity to be heard.

NOW THEREFORE, BE IT RESOLVED BY THE PLANNING COMMISSION OF THE CITY OF PETALUMA AS FOLLOWS:

1. The foregoing recitals are true and correct and incorporated herein by reference as findings of the Petaluma Planning Commission.
2. Based on the staff report, staff presentation, comments received, and the public hearing, the Planning Commission makes the following findings based on substantial evidence in the record:

a. California Environmental Quality Act Findings:

The proposed project is statutorily and categorically exempt from the California Environmental Quality Act (CEQA) as follows and is therefore not subject to further environmental review:

- i. 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. There is no possibility that the proposed amendment to the City’s Cannabis Ordinance will result in a significant effect on the environment as adoption of the Ordinance is limited to establishing regulations for storefront retail cannabis uses, and no specific businesses will be approved to operate as part of this action. There is also no possibility that implementation of the Ordinance may have a significant effect on the environment as future storefront retail cannabis businesses will be limited to 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. As such, the project is eligible for exemption pursuant to CEQA Guidelines Section 15061(b)(3).
- ii. 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. The proposed zoning amendments will allow operation of storefront retail cannabis uses which are similar to retail and service

commercial uses that are already permitted to operated within areas designated as Business Park and Industrial in the General Plan. Because the proposed project 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 in a secondary or ancillary nature, adoption and implementation of the proposed zoning amendments will not result in new or more severe impacts previously analyzed and disclosed in the General Plan EIR.

- iii. Pursuant to Sections 15301, 15302, and 15303 of the CEQA Guidelines, the proposed zoning amendments are categorically exempt from CEQA as the amendments 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.

None of the exceptions to the use of categorical exemptions apply as (a) the project is not located in an area where it may impact an environmental resource of hazardous or critical concern; (b) will not result in cumulative impacts; (c) does 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) will not result in damage to scenic resources within a highway officially designated as a state scenic highway; (e) is not located on a hazardous waste site pursuant to Section 65962.5 of the Government Code, and (f) will not result in a substantial adverse change in the significance of a historical resource. As none of the exceptions to the exemption apply, the project would not be precluded from the use of the Class 1, 2, and 3 categorical exemptions.

b. General Plan Findings:

The Cannabis Storefront Retail 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.

The 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 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 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 existing 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 through retail channels, whereas now they will have the additional option of purchasing 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 from 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 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.

- c. In accordance with Section 25.050(B) of IZO, the proposed amendments are consistent with the public necessity, convenience and welfare in that they:
 - i. 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.
 - ii. Provide opportunities for local access to cannabis products, which increases convenience and sustainability of the local economy.
 - iii. Limit the location of storefront cannabis retail sales to ensure they are located in safe and appropriate locations as it relates to their location proximate to schools, childcare centers, parks, youth centers, libraries, and residentially zoned areas.
 - iv. Encourage responsible cannabis use through strict age verification.
 - v. Provide a platform for professional assistance and advice on safe consumption of cannabis products.
 - vi. The City of Petaluma must approve a 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 Ordinance.

- vii. Foster economic diversity by creating new cannabis industry employment opportunities.
 - viii. 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.
3. Based on its review of the entire record herein, including the May 14, 2024, Planning Commission staff report, all supporting, referenced, and incorporated documents and all comments received, and the foregoing findings, the Planning Commission hereby recommends that the City Council adopt an Ordinance to amend the Zoning Text as shown in **Attachment 2** to the May 14, 2024 Planning Commission staff report.

ADOPTED this 14th day of May 2024, by following vote:

Commission Member	Aye	No	Absent	Abstain
Bauer				
Chair Hooper				
McErlane				
Vice Chair Racusen				
Whisman				
Vice Mayor Cader Thompson				
Mozes				

Blake Hooper, Chair

ATTEST:

APPROVED AS TO FORM:

Andrew Trippel, Planning Manager

Dylan Brady, Assistant City Attorney