



Staff Report

City Council

Item No. {{section.number}}.{{item.number}}

Meeting Date: January 22, 2025

From: Andrew Firestine, AICP, Director of Community and Economic Development

Title: Urgency Ordinance Adopting A 45-Day Interim Moratorium on the Approval of New Cannabis Licenses and New Cannabis Conditional Use Permits and the Issuance of Building Permits for the Build-out or Expansion of New Cannabis Businesses

RECOMMENDATION:

Staff recommends approval of the urgency ordinance adopting a 45-day initial moratorium on the approval of new cannabis licenses and conditional use permits and the issuance of building permits for the build-out or expansion of new cannabis businesses.

BACKGROUND:

On October 25, 2017, the City Council adopted Ordinance Nos. 800 and 801 establishing a set of regulations allowing adult-use cannabis businesses to operate within the City. These regulations were created to provide the public with a clear understanding of the process for obtaining City approval to operate a cannabis business within the City. These regulations were codified within the Cathedral City Municipal Code in chapters 5.88 and 9.108 and have been amended since their adoption, with the last amendment in 2022.

Chapter 5.88 provides for the regulation and licensing of medical and adult-use cannabis business throughout the City in conformance with applicable state and local laws and regulation pertaining to medicinal and adult use cannabis.

Chapter 9.108, as currently codified is contained in Title 9 of (Zoning Ordinance) of the Municipal Code, regulates cannabis business land uses, including the zone districts where cannabis uses are permitted, as authorized by section 26200 of the California Business and Professions Code, in a manner designed to minimize negative impacts on the City and neighboring uses, and to promote the health, safety, morals, and general welfare of residents and businesses within the City.

The City currently has 64 cannabis businesses with 105 licenses comprised of 46 operating businesses with 67 licenses and 16 non-operational businesses with 38 licenses.

DISCUSSION:

In April 2024, Cathedral City began experiencing a higher number of cannabis odor complaints. Between January 1 and March 30, 2024, the City received a total of 38 cannabis odor reports. Between April 1 and December 31, 2024, the City received an additional 904 cannabis odor complaints, including 220 in November 2024 and 501 in December 2024. These complaints frequently cite the interference with the use and enjoyment of their property.

The complaints concerning cannabis odors were reported across the City with a large number of complaints occurring in the vicinity of Date Palm Drive and Ramon Road with the balance of complaints pertaining to businesses located off of Perez Road, Kieley Road, Bankside Drive, and Sunair Plaza.

Despite staff efforts to manage the complaints through additional inspections of cannabis businesses, increased proactive patrols, and specific actions by cannabis businesses to mitigate odors, the City has seen an increase in the number of cannabis odor complaints.

While there are likely multiple reasons for this, not all of which have been identified at this point, there are two explanatory factors that stand out: 1) a 325,000 square foot cannabis cultivation use started operations in 2024 in the vicinity of Date Palm Drive and Ramon Road; and 2) the City has a large concentration of cannabis businesses located off of Perez Road, Kieley Road, Bankside Drive, and Sunair Plaza.

The large cannabis cultivation use was conditioned to provide an odor absorbing ventilation and exhaust system that prevents internal odor from being emitted externally. They have been required by the City to install additional odor mitigation, including a fogging system, which was installed on November 29, 2024. The City has continued to receive cannabis odor complaints related to this business since the installation of the fogging system.

The concentration of cannabis businesses off Perez Road, Kieley Road, Bankside Drive, and Sunair Plaza has presented challenges with respect to identifying the source of a complaint. Collectively, the cumulative volume of complaints citing the interference with the use and enjoyment of property and the limited effect actions to date have had in mitigating these complaints necessitate a review of the City's cannabis regulations, with particular emphasis on zoning, odor control, and enforcement.

California Government Code section 65858 provides statutory authority for interim ordinances prohibiting uses that may conflict with a contemplated general plan, specific plan or zoning proposal that the city is studying or plans to study. An interim ordinance, commonly called a moratorium, imposes temporary land use controls based on a documented, current and immediate threat to public health, safety, and welfare. An interim ordinance protects and promotes the planning process by prohibiting the introduction of potentially nonconforming land uses that could defeat or impair a later adopted general plan or zoning ordinance.

Procedurally, such an ordinance may be adopted initially without a public hearing following a 4/5 vote of the legislative body. The initial moratorium lasts for 45 days. After notice and a public hearing, the ordinance may be extended, again with a 4/5 vote, for an additional 10 months and 15 days.

Thereafter, the ordinance may be extended for one additional year, again with a 4/5 vote.

No more than two extensions may be adopted. The City Council cannot adopt or extend any interim ordinance unless the ordinance contains a finding that there is a current and immediate threat to the public health, safety or welfare, and that the approval of applicable land use entitlements would result in that threat to public health, safety or welfare. Ten (10) days prior to the expiration of such an ordinance or any extension, a written report is to be issued describing the measures taken to alleviate the condition that led to the adoption of the ordinance.

The adoption of the urgency ordinance would allow the City to begin an assessment of its cannabis regulations, including those on zoning, odor control, and enforcement. It is not expected that this full evaluation will occur within the initial moratorium period but rather the period will be used to develop a comprehensive strategy, including future public outreach and engagement with the cannabis industry and engagement with the Cannabis Task Force and the Planning Commission. This strategy will be presented at the February 26, 2025, City Council meeting together with an extension of the moratorium.

The urgency ordinance is written to prohibit new cannabis licenses and conditional use permit applications for all cannabis business types while the moratorium is in effect together with the issuance of new building permits that would permit the build-out and development of an approved cannabis license and conditional use permit where no building permit had been previously issued. The urgency ordinance excludes the renewal or transfer of existing cannabis licenses, except where the transfer is to a new location without an approved conditional use permit or where the transfer proposes an amendment or modification to an approved conditional use permit, such as for an expansion or a change in use. It also excludes the issuance of building permits to existing cannabis businesses with an approved cannabis license and conditional use permit where the building permit does not involve the build-out or expansion of the use but rather pertains to the ordinary use and maintenance of the business.

FISCAL IMPACT:

N/A

FIVE-YEAR STRATEGIC PLAN:

F-11 – Implement a code compliance program that proactively identifies and responds to code compliance complaints

ATTACHMENTS:

1. Interim Urgency Ordinance