



# Staff Report

## City Council

Item No. 1.A

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**Meeting Date:** April 23, 2025

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

**Title:** Cannabis Moratorium Update

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### **RECOMMENDATION:**

This item is for discussion purposes to serve as an update on the cannabis moratorium. No action is requested.

### **BACKGROUND:**

On February 26, 2025, the City Council extended the cannabis moratorium by 10 months and 15 days. Through the discussion, the City Council requested routine updates as staff conducts additional research and initiates updates to the City's cannabis regulations and processes. The prior report focused on an evaluation of the City's zoning, locational requirements, definitions, standards, and enforcement provisions, fines, and penalties while building out an odor control plan to implement the required conditions of approval. This report provides a synopsis of cannabis research conducted in other cities and counties and efforts to engage consultant support to set standards and to support the development of an odor control permitting process. It also provides updates on consultant support to the city specifically on C4 Industry and an odor control reporting and monitoring pilot program.

### **DISCUSSION:**

Staff has commenced research in these areas, first by identifying all the California cities and counties that allow for cannabis cultivation in some manner, a list of 84 cities and counties, and conducted an initial review of the cannabis zoning regulations, licensing, and enforcement provisions for each of these cities and counties. This initial review was narrowed down to a smaller list of 15 cities and 3 counties that potentially offer insight into one or more of the areas of focus. A review of these city and county regulations, with an emphasis on zoning and enforcement, is summarized in the sections below with additional text contained in the attachments

Staff also initiated a records request through the Department of Cannabis Control (DCC) for the purpose of understanding how many large indoor cannabis cultivation facilities are licensed in the State of California. The DCC defines large indoor cannabis cultivation as those with more than 22,000 square feet of total canopy. For comparison, C4 Industry, the

existing large cannabis cultivation facility near Date Palm Drive and Ramon Road has a gross floor area of 326,000 square feet and each of its 9 bays has a canopy area of 21,504 square feet together with an 8,760 square foot mother room, totaling over 200,000 square feet of total canopy area. While the DCC began accepting applications for large indoor cultivation licenses in 2020, there are only 6 other large indoor cultivation facilities licensed by the DCC, all of which are located in Richmond and Oakland. None of these are a good comparison to C4 Industry – most are substantially smaller in size and are older warehouses in industrial areas converted to cannabis cultivation.

The initial research of other city and county regulations, together with the additional information from the DCC, reveals that while there are some models for odor control permit processes and stronger enforcement, no city or county is at the forefront of cannabis regulation. No city or county has adopted objective cannabis odor standards and most rely on reactive and subjective odor measurements for enforcement. These preliminary findings raise the importance of the city's existing condition of approval on cannabis conditional use permits requiring odor mitigation.

As was identified in previous staff reports, there is no separate plan or document and there are no standards or minimum requirements to demonstrate how the City's odor mitigation requirements are to be met. Other cities and counties have established odor mitigation requirements through an odor control plan and permitting process, which is captured in the summary below. To ensure the City is setting the right standards, including the evaluation of technologies and the establishment of odor control requirements, the development of content and submittal requirements for an odor control plan, and the preparation of inspection checklists, consultant support is needed. To date, staff has met and engaged with five companies with significant experience in cannabis odor control and monitoring and has prepared a scope of work specific to the City's needs. This scope of work was issued for informal bid on April 14 with bids requested by April 28. A summary of the expected scope of work is provided below.

Through the process of identifying prospective consultants to engage with on an update of the City's cannabis regulations, staff identified a nationally recognized expert on soil vapor sampling, soil vapor analysis, and vapor intrusion for environmental and exploration applications who has extended his work into the cannabis industry through the monitoring of cannabis odor causing compounds by similar analysis. Dr. Blayne Hartman, with Hartman Environmental Geoscience, has analyzed cannabis odor control systems and offers the ability to provide the City a qualified opinion on the effectiveness of both the current and any additionally proposed odor mitigation at C4 Industry. The business remains responsible for designing, implementing, and maintaining their odor control solutions. Dr. Hartman's work is to validate their effectiveness through an objective analysis and to make specific recommendations to the City. Dr. Hartman does not represent any equipment manufacturer and does not design cannabis odor control systems – he has no conflict of interest with C4 Industry or any other cannabis business operating in Cathedral City. Staff has negotiated a contract and scope of work with Dr. Hartman to evaluate the performance of the odor control systems at C4 Industry, both existing and proposed.

Finally, staff has also met with Envirosuite on several occasions. Envirosuite is a leader in environmental intelligence and offers a technology driven, real-time reporting and monitoring service that provides benefits to the City and to cannabis operators. C4 Industry has contracted with Envirosuite to implement a pilot program at their facility, a program that can potentially be expanded citywide. Under the pilot program, cannabis odor reports in the

vicinity of C4 Industry would be reported through the Envirosuite platform embedded on the City's website, collecting information on the location and strength and intensity of the odor. Envirosuite's monitors would also collect data on weather, volatile organic compounds (VOCs), and other compounds. All of this data would be made available to the City and the operator in real-time, which is intended to better correlate odor complaints with objective data, informing both City actions and operational changes at C4 Industry. Additional details on this pilot program and partnership are outlined below.

## **Cannabis Regulations**

In its review of cannabis regulations from 15 cities and 3 counties, City staff evaluated seven zoning questions, including questions directed to odor mitigation and odor mitigation plans. Staff further assessed four questions related to enforcement of odor violations. The complete data collected from this research is attached to the staff report. The zoning and enforcement research is summarized for Coachella, Palm Desert, Palm Springs, Desert Hot Springs, Oakland, and Richmond for each question below.

### *Zoning*

1. What zoning districts are cannabis cultivation, manufacturing, and lab uses permitted?

Upon reviewing neighboring cities in the Coachella Valley such as Coachella, Palm Desert, Palm Springs, and Desert Hot Springs, as well as Oakland and Richmond, it is evident that cannabis uses such as cultivation, manufacturing, distribution, and testing labs uses are typically restricted to industrial zone districts, while dispensaries are permitted in both industrial and retail zones. Cultivation, manufacturing, distribution, and testing labs uses are generally not permitted within commercial or residential zones, reflecting a common zoning practice aimed at minimizing potential impacts on retail areas and neighborhoods.

2. What separation requirements existing between cannabis uses and either residential zones or uses and other sensitive uses? Identify both the use and the separation requirement.

The separation requirements from residential uses vary significantly. Under the California Business and Professions Code (BPC) Section 26054(b), cannabis businesses shall not be located within a 600-foot radius of a school providing K-12 instruction, a daycare center, or a youth center. Cities and counties, at a minimum, must implement this standard, although they may adopt more stringent standards, including other separation requirements.

As an illustration, Palm Springs established a 1,000-foot separation requirement between cannabis cultivation and manufacturing and a residential zoning district. Coachella, Lancaster, and Pasadena each have a 600-foot separation requirement from commercial cannabis uses and residentially zoned property. Grover Beach requires a 100-foot setback between retailers and residential zones.

The other cities studied as part of this evaluation do not have an explicit separation from cannabis uses and residential zones or uses. Cathedral City is the only city evaluated that allows cultivation, manufacturing, and distribution in a commercial zoning district. The other cities limit those uses to industrial zones, which are

generally separated from residential zones.

3. Are there separation requirements between cannabis uses?

Palm Desert requires that cannabis retailers be 1,500 feet apart and similarly requires cannabis businesses within their service industrial zoning district to be separated by 1,500 feet. With some exceptions, Palm Springs requires cannabis businesses be separated by 500 feet. Among the other cities studied, Long Beach has a 1,000 foot separation requirement between dispensaries.

4. Are there limits on either the number or size of cannabis uses?

A review of other city regulations shows that other cities place limits on the number of cannabis dispensaries allowed, often setting the cap between three and 10. In contrast, most do not impose limits on other types of cannabis operations, including cultivation, manufacturing, distribution, and testing laboratories. This reflects a regulatory trend aimed at controlling the retail presence of cannabis while allowing more flexibility for non-retail sectors of the industry. Santa Cruz and Moreno Valley are two cities that have additional requirements for cultivation facilities. Santa Cruz restricts indoor cultivation to a maximum of 10,000 square feet. Moreno Valley restricts the total area of the premises designated/used for the cultivation canopy to no more than 22,000 square feet, effectively prohibiting large indoor cultivation facilities, as defined by the DCC. Pasadena limits cultivation to four licensed facilities.

5. What is the definition of a nuisance cannabis odor?

Nuisance cannabis odor is not consistently defined across all city zoning codes. However, some cities have established specific standards to address this issue. For example, the City of Palm Springs defines "Odor Detection Threshold" as the threshold for the detection of odorous contaminants when one volume of the odorous air has been diluted with seven or more volumes of odor free air as measured by any instrument, device, or any other method designated by the City.

Similarly, the City of Coachella defines "Odor Threshold Concentration" as the lowest concentration of Odorous matter that produces an olfactory response in normal human beings. Odor thresholds shall be determined in accordance with the American Society for Testing and Materials Test Method D1391-57 (reconfirmed to 1967) or in an equivalent manner acceptable to the zoning administrator.

These definitions require measurement through an olfactometer, such as the St. Croix Sensory Nasal Ranger Field Olfactometer. The specialized device uses a combination of human nose and an instrument to detect and measure odors. While the definition has been adopted by some cities and counties, including Santa Barbara County most recently, it remains a subjective measurement and is not widely accepted as an effective way of detecting cannabis odor.

6. What are the odor mitigation requirements, either through a CUP or cannabis license? Are there specific requirements or standards for cultivation and manufacturing uses?

Odor mitigation requirements are standard among the cities researched and are consistent with Cathedral City's requirements that a business install odor absorbing

ventilation and exhaust system so that odor generated inside the cannabis business are not detected outside. The systems include an exhaust air filtration system with odor control that prevents internal odors from being emitted externally; or an air system that creates negative air pressure between the interior and exterior so that the odors generated inside the cannabis business are not detectable outside.

7. Does the city or county require an odor mitigation plan or permit? If so, who is authorized to prepare and submit it? What are the submission requirements? Does it need to be renewed annually as part of the license? Who approves it?

A common requirement found in the cities researched is the requirement to develop and implement a ventilation or odor control plan. These plans are required to include detailed information about the proposed ventilation system, including technical specifications indicating that the system can prevent the release of cannabis odors into the atmosphere from the cultivation or manufacturing operation. Coachella, Desert Hot Springs, and Palm Springs all require odor control plans. These are most often prepared by a licensed mechanical engineer. While Palm Springs requires an odor control plan to be prepared as part of a conditional use permit, other cities require it as a post-entitlement permit reviewed administratively and concurrent with a building permit. Some cities, including Palm Springs, use a third-party contractor to review odor control plans. Among the other cities, Grover Beach requires odor control systems to be certified annually.

### *Code Enforcement*

8. What constitutes an odor violation? Are there thresholds or measurements for cannabis odor, either for the concentration of odor or the time period over which it is detected?

National City, La Mesa, and Desert Hot Springs require that odor not be detectable at the property line. El Dorado County uses the St. Croix Sensory Nasal Ranger Field Olfactometer, and Santa Barbara County established a nuisance threshold relying on an olfactometer as part of its recent cannabis code updates. Desert Hot Springs reported that it discontinued its use of the Nasal Ranger.

9. When there is an odor complaint, how is it investigated? Does the cannabis business have a period of time to correct a violation before a citation or further action is taken? If so, how long?

Several cities and counties require cannabis businesses to respond to cannabis odor complaints, including Santa Barbara County, Long Beach, and Desert Hot Springs. Palm Springs allows cannabis businesses with a compliant odor control plan seven days to correct an odor issue.



10. What are the fines for a violation of the cannabis ordinance? Are there penalties beyond fines? If so, what?

Palm Springs has an escalating enforcement process. For odor violations related to a cannabis business with a compliant odor control plan, a cannabis business is first issued a written warning and given seven days to modify their odor control plan to mitigate odor issues. If the odor cannot be mitigated within seven days, the use must cease until effective odor control measures are in place. For odor violations with a non-compliant odor control plan, the business can be subject to a \$10,000 administrative violation and have 30 days to remedy the odor issue and comply with their odor control plan before they're issued another administrative citation of \$10,000. After three administrative citations, the permit shall automatically be revoked.

Desert Hot Springs code allows fines up to \$1,000 per day, although their staff indicates that they have never needed to issue this fine.

11. Are there any unique provisions, such as a hearing officer, that warrant further evaluation?

Stanislaus County established a hearing officer process to conduct administrative hearings to determine whether the conditions described in the notice of violation, administrative citation and order to abate, and notice of hearing constitute a nuisance. The hearing officer also considers the suspension, revocation, or non-renewal of cannabis permits.

Desert Hot Springs contracts with a third-party for all cannabis ordinance enforcement. Palm Springs contracts for the review of odor control plans.

## **Cannabis Consultant Support**

On April 14, a scope of work for consultant support related to cannabis odor control was issued to four companies. This scope of work builds on the city and county research performed by City staff and seeks specific subject matter expertise on cannabis odor control. It divides the work into six areas:

1. Regulatory review and best practices assessment
2. Odor control technology evaluation
3. Odor control permitting process
4. Inspection and verification protocols
5. Stakeholder engagement and presentations
6. Training

The full scope of work is attached for reference. It also included a timeline prepared by City staff leading to the presentation of an ordinance to the Cannabis Task Force and Planning Commission in August 2025 and the City Council in September 2025. Staff would be responsible for preparing the ordinance, but with input from the consultant to ensure the City

is setting clear and appropriate standards and that the ordinance is accompanied by checklists and supporting documentation for any new processes.

In addition to this scope of work, a contract has been executed with Hartman Environmental Geoscience, the fifth consultant staff met with, specifically for the review of the odor control systems at C4 Industry, both existing and proposed. This contract allows up to 50 hours of consultant time and accounts for two site visits. Through the scope of work, they are tasked with providing the City a qualified opinion on the effectiveness of both the current and proposed odor mitigation plans and make specific recommendations to improve the effectiveness of the existing and any additionally proposed odor mitigation. This contract is not to support C4 Industry but rather to support the City in its review and assessment of the odor problem at C4 Industry using objective analysis and data.

## **Envirosuite**

The City's current process to report cannabis odors is inefficient and relies upon a platform that was not designed or intended for odor reporting. While it has been used to aggregate complaints, the information reported through the platform is not shared with a cannabis business in real-time. The auto-generated responses to a reporting party when a complaint is made are the same as any other code compliance case, which sets an expectation with the reporting party that the City will respond to their complaint individually. The volume of cannabis odor complaints has precluded staff from investigating and responding to each individual complaint. When the complaints are closed out by City staff, residents feel they are being ignored as the underlying issue has not been addressed. To address this, staff created an email distribution group that it has been sending weekly updates to both in response to cannabis odor complaints at C4 Industry and with respect to the cannabis moratorium.

Through the pilot program with Envirosuite, the City has an opportunity to substantially improve cannabis odor reporting for the area around C4 Industry. This could potentially be expanded to other areas of the City, but beginning in May 2025 an online form will be made available on the City's website similar to what has been deployed in Des Moines, IA: [https://www.dsm.city/departments/neighborhood\\_services/odor.php](https://www.dsm.city/departments/neighborhood_services/odor.php).

The form will document the time and date of the complaint, location, description, and optional contact information for follow-up. Once submitted, City code compliance staff would be notified of a new complaint. Envirosuite would validate the plausibility of the complaint based on atmospheric conditions, including wind direction and speed, and the location of the complaint. Envirosuite also collects time-aligned sensor data and meteorological data. The sensors will be monitoring VOC, H<sub>2</sub>S and NH<sub>3</sub> and can be programmed to monitor two additional compounds as may be directed by the City and its consultants.

Validated complaints are assigned to the business operator, in this case C4 Industry, for investigation and response. While the City does not presently have a response timeline for cannabis businesses to address odor complaints, the pilot program establishes an initial response time of 30 minutes during business hours and 90 minutes after hours, which would include an acknowledgement of the complaint, time of receipt, and immediate investigative steps. Under the pilot program, C4 Industry would be required to post a detailed investigation summary within 24 hours, including on-site observations, source identification (if any), and mitigation actions. Code compliance staff would be responsible for reviewing the investigation conducted by the business in response to a complaint, including its resolution.



The City's role in the pilot program would be to support its implementation through the City website and to maintain oversight of it for the purpose of regulatory compliance, the tracking of complaints, and community engagement. The pilot program is proposed for a period of six-months, through which Envirosuite, C4 Industry, and the City will evaluate its effectiveness. The pilot program can be extended for an additional six-months upon mutual agreement.

Beyond its application in the area around C4 Industry, City staff are exploring the potential deployment of additional Envirosuite sensors and weather stations elsewhere in the City to permit cannabis odor reporting and monitoring through the Envirosuite platform. There is no estimated cost for these additional services at this point. They will be assessed and evaluated under the cannabis moratorium.

### **Next Steps**

Staff anticipates that it will award a professional services contract to a cannabis consultant in the beginning of May and that staff and the consultant will immediately begin to identify those best practices the City should model in its updated cannabis regulations, including any new odor control requirements. The consultant is expected to produce an odor control permitting process for the City, including submittal and inspection checklists. While a substantial amount of work remains, staff has developed a timeline that would result in the presentation of an ordinance to the Cannabis Task Force and Planning Commission in August 2025 and City Council in September 2025.

### **FISCAL IMPACT:**

The contract with Hartman Environmental Geoscience is not to exceed \$12,500 and will be accommodated within the existing budget. The scope of work for the other consultant support was issued on April 14, 2025, for an informal bid with the expectation that it will be within the city manager's signature authority. This contract is expected to be split between two fiscal years and will be accommodated within the existing and proposed budget.

### **FIVE-YEAR STRATEGIC PLAN:**

F-17 – Review and update, as needed, our ordinances, policies, and practices regarding cannabis.

### **ATTACHMENTS:**

1. City and County Cannabis Analysis
2. Cannabis Consultant Support Scope of Work