



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: March 28, 2023

TO: Honorable Mayor and Members of the City Council

FROM: Jovan D. Grogan, City Manager

PREPARED BY: Peter Gilli, Community and Economic Development Director

SUBJECT: Hold Public Hearing and Introduce, Read by Title Only, and Waive Further Reading of an Ordinance of the City of San Bruno Amending Article III (Zoning) of Title 12 (Land Use) of the San Bruno Municipal Code by Amending Section 12.300.070 to Limit Commercial Cannabis Retail Sales (Storefront Sales) to the Transit Corridors Plan Area MX-R, TOD-1, TOD-2, and PD Zones, Reduce the Number of Commercial Cannabis Retail Sales Permits From Three to One, Allow a Maximum of Two Cannabis Distribution Facility Permits in the M-1 Zone North of San Bruno Avenue and East of El Camino Real, and Deleting Section 4.70.070 and Making a Finding of Exemption Under the California Environmental Quality Act

BACKGROUND:

On October 11, 2022, the City Council adopted two Ordinances collectively referred to as the City's Commercial Cannabis Regulations:

1. Ordinance No. 1930 amended the City Zoning Code to add a new chapter to permit and regulate commercial cannabis retailers (storefront sales) and commercial cannabis distribution facilities; and
2. Ordinance No. 1931 included various Municipal Code Amendments to regulate cannabis operations, including the addition of new Chapter 4.70 to define the Commercial Cannabis Operator's Permit process.

These ordinances were effective on November 10, 2022.

At the City Council meetings on January 10, 2023, and January 24, 2023, the City Council directed staff to bring the matter back the City Council to consider potential changes to the City's Commercial Cannabis Regulations. Two specific changes were suggested for consideration by the City Council:

1. To reduce the total number of allowed commercial cannabis businesses from a maximum of four to a maximum of two, with one being for distribution use only, and the second being retail and/or distribution; and
2. To remove the downtown (Central Business District) and The Shops at Tanforan from

permitted locations for commercial cannabis retail operations.

At the January 24, 2023 City Council meeting, the City Council affirmed this direction and requested that staff prepare the necessary ordinance amendments for the required Planning Commission and City Council hearings.

In response to the City Council's request for reconsideration of the adopted commercial cannabis operations program, staff suspended the application period that was scheduled to end on January 17, 2023. No applications were submitted. Staff proposes to reopen the application period promptly after the ordinance amendments become effective, if adopted by the City Council.

Planning Commission Review and Recommendation

The zoning code amendments were considered by the Planning Commission on February 21, 2023. Commissioners noted the Planning Commission originally supported a greater number of businesses than the existing ordinance allows. In addition, Commissioners believed concerns about potential locations in Downtown could be addressed through the operator's permit and use permit process, both of which require City Council final approval. In general, the Commission affirmed their support for the existing ordinance, and noted that the number and location of cannabis businesses can be limited by the City Council through the operator's permit process. At the conclusion of the public hearing, the Planning Commission voted 6-1-0-0 to recommend that the City Council not adopt the Ordinance to amend the existing ordinance to reduce the number of Commercial Cannabis Retailers (Storefront Sales) and Cannabis Distribution Facilities. On March 21, 2023, the Planning Commission approved Resolution 2023-06 (Attachment 2) on a 7-0-0-0 vote.

DISCUSSION:

Synopsis of Adopted Commercial Cannabis Regulations

The adopted cannabis regulations allow up to three Cannabis Retailers (previously termed "dispensaries") to locate only in the zoning districts in downtown, along major transportation corridors El Camino Real and San Bruno Avenue, as well as San Mateo Avenue, and The Shops at Tanforan) where there is a mix of commercial and office uses.

One Cannabis Distribution Facility is permitted only in the M-1 (Industrial) Zone north of San Bruno Avenue.

Cannabis operations cannot locate within 600 feet of specified "sensitive uses," including:

- Youth Centers (defined as any public or private facility that is primarily used to host recreational or social activities for minors).
- Daycare Centers (defined as a childcare center, other than home-based day care operations, and includes licensed childcare centers).
- Schools (defined as K-12 public or private schools).
- Public Libraries

There are no other types of commercial cannabis operations permitted; all of the following uses are currently and would continue to be prohibited by the City:

- No commercial cannabis cultivation. This use involves the commercial planting, growing, harvesting, drying, grading and trimming of cannabis, and can occur indoors or outdoors, including in a nursery setting.
- No commercial cannabis manufacturing, including CBD (cannabidiol) extract derived from cannabis. This use involves subjecting cannabis to a process which concentrates cannabis into an edible or topical product.
- No commercial cannabis testing/laboratories. This use involves state-mandated testing of cannabis products in a state-licensed laboratory setting prior to distribution and sale.
- No cannabis microbusinesses. This is a business involved in at least three types of commercial cannabis activities, including retail sale, cultivation, distribution and/or manufacturing.
- No temporary cannabis events. This is an event where cannabis may be consumed over a short period of time and at a temporary event location.
- No “cannabis cafes” for onsite consumption of cannabis products.

Commercial Cannabis Operations for cannabis retailers or cannabis distribution facilities require both a Commercial Cannabis Operators Permit (CCOP) and a Conditional Use Permit (CUP), each approved by the City Council.

Summary of Proposed Changes

The attached draft ordinance makes the following two changes to Chapter 12.300:

1. Reduce the total number of allowed businesses from a maximum of four to a maximum of two, with one being for distribution use only, and the second being retail and/or distribution; and
2. Remove the downtown (Central Business District) and The Shops at Tanforan from permitted locations for commercial cannabis operations.

Attachment 3 is a map that shows the draft ordinance boundary changes. In addition to the changes shown above, the ordinance would delete Section 4.70.070 (Maximum Number of Authorized Cannabis Operators Permitted) of Chapter 4.70 (Commercial Cannabis Operator Permit) of Title 4 (Licenses and Regulations) of the San Bruno Municipal Code because the number of businesses is already specified in Chapter 12.300.

FISCAL IMPACT:

There is no fiscal impact from the introduction of the Ordinance. If the Ordinance is adopted and the number of commercial cannabis operations in the City reduced, it would have an undetermined net negative fiscal impact due to the reduced tax revenues as compared to the tax revenues to be received from the current Commercial Cannabis Regulations.

ENVIRONMENTAL IMPACT:

The proposed ordinance could not result in a significant environmental impact pursuant to the California Environmental Quality Act (CEQA), and as such are exempt from further environmental consideration per CEQA Guidelines Section 15061(b)(3).

RECOMMENDATION:

Introduce an Ordinance of the City of San Bruno amending Article III (zoning) of Title 12 (land use) of the San Bruno Municipal Code by amending Section 12.300.070 to limit commercial cannabis retail sales (storefront sales) to the transit corridors plan area MX-R, TOD-1, TOD-2, and PD zones, reduce the number of commercial cannabis retail sales permits from three to one, allow a maximum of two cannabis distribution facility permits in the M-1 zone and north of San Bruno Avenue and east of El Camino Real, and deleting Section 4.70.070.

ALTERNATIVES:

1. The City Council can choose to introduce the ordinance with changes.
2. The City Council can choose to not introduce the ordinance. This alternative means that the existing Commercial Cannabis Regulations would remain the same as they are now.

ATTACHMENTS:

1. Ordinance
2. Planning Commission Resolution
3. Map showing proposed ordinance boundary changes