



City of Oceanside

Staff Report

File #: 25-927**Agenda Date:** 8/6/2025**Agenda #:** 24.

DATE: August 6, 2025**TO:** Honorable Mayor and City Councilmembers**FROM:** Development Services Department**TITLE:** **PROPOSED CANNABIS STOREFRONT RETAIL LICENSING PROGRAM**

RECOMMENDATION

Staff recommends the City Council:

- 1) Introduce an ordinance amending the Oceanside City Code (OCC) to allow up to four cannabis storefront retail licenses;
- 2) Introduce an ordinance amending the Oceanside Zoning Ordinance (OZO) specifying which districts would allow storefront retailers;
- 3) Adopt a resolution establishing new cannabis business fees and endorsing the proposed application materials, procedures, and format; and,
- 4) Adopt a resolution granting license priority to the City's two existing operators.

BACKGROUND AND ANALYSIS

On June 18, 2025, staff presented a proposed cannabis storefront retail licensing program to the City Council for adoption. The proposed licensing program would allow up to four cannabis storefront retail licenses in various commercial and industrial districts across the City; additionally, the City's two existing cannabis operators would be granted preference for licenses and offered a streamlined review process upon meeting minimum qualifications.

The City Council voted 3 - 2 (Sanchez, Weiss - no) to modify the proposed program. Specifically, the City Council requested that staff:

1. Eliminate the requirement to retain a location in the local licensing process;
2. Institute strict separations of cannabis storefront retailers from schools; and
3. Reward businesses with a proven track record of abiding by collective bargaining agreements (CBAs) in the local license evaluation criteria.

Further background on the cannabis storefront retail licensing program, as well as the City's

Cannabis Program as a whole, can be found in the June 18, 2025 staff report (Attachment 5).

To implement a cannabis storefront retail licensing program with the above modifications, staff proposes five related actions (“Storefront Package”) for City Council consideration; approval of such actions would allow formal implementation of the program. The proposed Storefront Package includes the following items:

1. Amending OCC Chapter 7 Article XIII;
2. Amending OZO Articles 4, 11, 13, and 36;
3. Establishing official application materials, procedures, and format;
4. Establishing updated cannabis fees; and,
5. Granting license priority to the City’s two existing operators.

The above five actions are the same as those proposed at the June 18, 2025 City Council meeting with the modifications described below; however, staff now proposes specific language within those actions to reflect City Council direction at that meeting.

Action 1: Amending OCC Chapter 7 Article XIII

Revisions to the OCC Amendment were made to clarify that storefront retail applications are not required to submit any information related to use of a specific business location to be used for storefront operations. As such, storefront retail local license applications would also be exempted from submitting site-specific floor plans and security plans. Instead, site-specific plans would reviewed for code compliance during the conditional use permit (CUP) and/or building permit process.

Action 2: Amending OZO Articles 4, 11, 13, and 36

The proposed OZO Amendment has not been modified since the June 18, 2025 Storefront Package, except to institute strict buffers for cannabis storefront retailers. In line with the City Council’s most recent direction, storefront retailers would need to be located at least 1,000 feet from a middle or high school and at least 550 feet from any other public or private school, as defined by OZO Article 4. Distances for these two separations would be measured by the most direct path between the front door of the site to the nearest boundary of the school site. All existing separations required by OZO Article 36 for regulated uses would still apply to proposed cannabis storefront retailers, however, it would not be possible for a proposed storefront retailer to waive the school separations enumerated above.

Action 3: Establishing official application materials, procedures, and format

Significant modifications were made to the application procedures, format, and materials. First, staff removed the location section from the evaluation criteria in its entirety. In so doing, applications would now be scored out of 100 points possible instead of 150 points possible. A new evaluation criterion was created within the Community and Employee Benefits Section which would award points to applicants which have a proven track record of abiding by a CBA at an existing cannabis business.

Existing cannabis operators would be exempt from the above CBA-related section, automatically gaining full points. The other point values within the Community and Employee Benefits Section were reduced to keep the same point balance between all sections.

Staff also removed all references and submittal requirements in the procedures that relate to the retention of a storefront site in the local license process. For instance, applicants would no longer need to apply for a zoning verification letter(s) prior to submitting a local license application.

Action 4: Establishing updated cannabis fees

No modifications have been made to the proposed cannabis facility fees since the June 18, 2025 City Council staff report. However, storefront retail applications would no longer be required to apply for a zoning verification letter and pay the associated \$2,064.94 fee.

Action 5: Granting license priority to the City's two existing operators

No substantive modifications have been made to the resolution, which would grant priority to the City's existing cannabis business operators.

ENVIRONMENTAL DETERMINATION

The proposed ordinance, in and of itself, would not occasion land development or any other material change to the environment. Projects subject to the amended zoning and municipal code provisions would be subject to separate California Environmental Quality Act (CEQA) review. Therefore, the proposed amendments are exempt from CEQA in accordance with the provisions of CEQA Guidelines Section 15061(b)(3), per the common-sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment.

FISCAL IMPACT

Cannabis storefront retail applicants would be required to pay all applicable fees which have been priced for complete cost recovery where feasible. Once established, storefront retailers would be subject to the five percent (5%) cannabis retail business tax as previously directed by the City Council, in addition to sales tax. Further explanation of the fiscal implications of the proposed Storefront Package can be found in Attachment 5.

COMMISSION OR COMMITTEE REPORT

On March 24, 2025, the Planning Commission voted unanimously to recommend City Council approval of all proposed code amendments presented to the City Council at its June 18, 2025 meeting. The staff report for the March 24 Planning Commission meeting is included in Attachment 7.

CITY ATTORNEY'S ANALYSIS

The City Council is authorized to hold a public hearing in this matter. Following the hearing, the City Council shall affirm, modify or reject the staff recommendation.

The City Attorney has reviewed and approved as to form the Zoning Ordinance and City Code amendments and resolutions consistent with the staff recommendation.

Prepared by: Dane Thompson Associate Planner

Reviewed by: Darlene Nicandro, Development Services Director

Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. Ordinance to Amend OCC Chapter 7 Art. XIII
3. Ordinance to Amend OZO Art. 4, 11, 13, & 36
4. Resolution Adopting New and Revised Cannabis Fees & Endorsing Storefront Retail Application Materials, Procedures, and Format
5. June 18, 2025 City Council Staff Report
6. March 24, 2025 Planning Commission Recommendation Resolution
7. March 24, 2025 Planning Commission Recommendation Staff Report
8. Application Materials and Procedures
9. Fee Study
10. Resolution Granting Priority to Existing Cannabis Businesses