



REPORT TO PLANNING COMMISSION

To: Honorable Chair and Members of the Planning Commission

From: Damaris Abraham, Community Development Director

Date: May 20, 2025

Subject: Amendment to Title 17 (Zoning), Chapter 17.156 of the Lake Elsinore Municipal Code Related to Cannabis Uses

Recommendation

1. Find the proposed amendment to the Lake Elsinore Municipal Code Exempt from the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3); and
2. Adopt A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF LAKE ELSINORE, CALIFORNIA, RECOMMENDING THAT THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ADOPT AMENDMENTS TO TITLE 17, AMENDING AND RESTATING CHAPTER 17.156 OF THE LAKE ELSINORE MUNICIPAL CODE REGARDING CANNABIS USES.

Background

In 2016 California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA). Under Proposition 64, adults 21 years of age or older can legally grow, possess, and use cannabis for non-medicinal purposes, with certain restrictions. Additionally, AUMA also made it legal to sell and distribute cannabis through a regulated business as of January 1, 2018.

In December 2017, the City Council adopted Chapter 17.156 of the Lake Elsinore Municipal Code (LEMC) allowing cannabis-related businesses in the City of Lake Elsinore. The ordinance restricted cannabis businesses to the manufacturing (M-1 and M-2) zones only and limited the number of businesses to 10 total (five in M-1 and five in M-2). In order to exceed the maximum of 10 businesses, the ordinance included a provision for a finding of public convenience to be made as part of the consideration for a Conditional Use Permit. The ordinance also restricted cannabis retail business as an accessory use only not to exceed 25% of the business' total square footage.

To date, the City has approved 20 cannabis facilities. Of these 20 facilities, 15 are currently operational, four have expired, and one is currently in the permit process.

City staff has been monitoring operational cannabis facilities to assess potential impacts to the surrounding business communities and to assess whether the facilities were operating in compliance with their Conditional Use Permits. While the majority of the operational cannabis facilities are in compliance, staff has identified some issues that include odor mainly related to cultivation uses and complaints related to retail uses such as unpermitted signage, unpermitted special events, and staying open beyond the maximum hours of operation allowed.

Staff has also received feedback from the cannabis business operators which include the following: the annual payment of Community Benefit Fee (CBF) is too high, the number of permitted cannabis businesses is too many, and the hours of operation are too restrictive. To address these concerns as well as reduce the potential impacts of cannabis uses to the surrounding business communities, City staff worked with the City Council Cannabis Subcommittee (Mayor Brian Tisdale and Mayor Pro Tem Robert E. Magee) to propose amendments to the cannabis ordinance.

The proposed amendments to Chapter 17.156 of the LEMC are intended to improve and clarify the regulatory framework, address the negative secondary effects that could result in the proliferation and potential concentration of cannabis businesses within existing manufacturing zones, and address the potential conflicts between competing land uses in order to protect the public's health, safety and welfare.

In addition to the proposed ordinance amendments, staff is recommending changes to the Development Agreements. Amendments to the Development Agreements are being presented to the Planning Commission under a separate agenda item.

Discussion

Chapter 17.156 of the LEMC has been amended in its entirety to streamline the regulation of cannabis related businesses, to limit the number of cannabis-related businesses within the City, and to clarify and/or update the regulatory structure.

The revised ordinance includes the new addition of Section 17.156.060 "Limitations on uses" and includes the following major updates:

- Modified the maximum of five cannabis businesses in Limited Manufacturing (M-1) zone and five cannabis businesses in General Manufacturing (M-2) zone, to a maximum of 10 permits combined within the M-1 and M-2 zones;
- No further cannabis licenses for new locations will be issued by the City until the total number of cannabis uses is less than 10, after which time the City may issue further licenses not to exceed 10 total cannabis facilities operating at one given time;
- Removed the current requirement for a finding of public convenience when the maximum of 10 businesses is reached;
- Modified the hours of operation to allow cannabis retail business to stay open until 10 PM. This is consistent with hours of operation for cannabis uses in surrounding jurisdictions (City of Wildomar and Riverside County);

- Removed the restriction for a cannabis retail business not to exceed 25% of the business' total square footage. A cannabis retail business will be permitted only in conjunction with either a cannabis cultivation, distribution, or manufacturing facility. A standalone cannabis retail business will not be allowed; and
- Expanded the 1,000-foot buffer from sensitive receptors of schools, community centers, or parks to apply to all types of cannabis businesses (existing ordinance only requires separation buffer for cultivation uses).

In addition to the major changes above, Chapter 17.156 includes the following minor changes to better reflect the City's practices, add more clarity, and consolidate certain sections to remove redundancies:

- Definitions (17.156.040) have been added or modified;
- Site security plans for all facilities have been updated;
- Eliminated requirement that cannabis retail uses be limited to 50% of gross proceeds of the business;
- Added new definition for delivery (business to consumer) and clarified that delivery services are allowed in conjunction with a cannabis retail business;
- Clarified definition of distribution (business to business, non-retail);
- Added language to clarify retail sales are allowed in conjunction with cultivation and/or manufacturing facilities only when a cannabis retail business has also been approved to operate in conjunction with the cultivation facility and that sales only occur within the retail portion of the facility;
- Updated the language for provisions related to cultivation in private residences to be consistent with State law;
- Removed requirement that operators submit of an annual financial report to the City;
- Added a requirement for odor control to ensure that all cannabis facilities are sited and operated in a manner that prevents cannabis odors from being detected offsite;
- Added exterior signage requirements for all cannabis facilities;
- Section 17.156.040 specifies the location of Cannabis Facilities as being permitted in either the Limited Manufacturing (M-1) or General Manufacturing (M-2) zoning district;
- Section 17.156.070 consolidates general provisions permits required (a valid Conditional Use Permit, building permit, certificate of occupancy, and a City cannabis business license);
- Section 17.156.080 consolidates Business Permit regulations into general provisions because the requirement is applicable to all cannabis business types; and
- Section 17.156.090 consolidates requirements such as site security and prohibited activities that are applicable to all cannabis business types into general provisions.

Environmental Determination

The proposed amendment to the Lake Elsinore Municipal Code is exempt from the California Environmental Quality Act (Cal. Publ. Res. Code §§21000 et seq. "CEQA") and the State CEQA Guidelines (14. Cal. Code Regs §§15000 et seq.), specifically pursuant to Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3) of the State CEQA Guidelines because it will not result in a direct or reasonably foreseeable indirect physical change in the environment, because there is no

possibility that it may have a significant effect on the environment, and because it is not a “project” as that term is defined in Section 15378 of the State CEQA Guidelines.

Public Notice

Notice of the public hearing for the proposed amendment has been published in the Press-Enterprise newspaper. As of the writing of this report, no written comments concerning this application have been received by staff.

Attachments

Attachment 1 – Planning Commission Resolution
Exhibit A – Revised Chapter 17.156 Cannabis Uses
Attachment 2 – Notice of Public Hearing