



CITY COUNCIL AGENDA REPORT

MEETING DATE: MAY 4, 2021

ITEM NUMBER: CC-5

SUBJECT: SECOND READING AND ADOPTION OF AN ORDINANCE TO ADOPT CODE AMENDMENT CO-2021-01 TO AMEND TITLE 13 (PLANNING, ZONING, AND DEVELOPMENT) AND AN ORDINANCE TO AMEND TITLE 9 (LICENSES AND BUSINESS REGULATIONS) OF THE COSTA MESA MUNICIPAL CODE REGARDING THE TAXATION, REGULATION, OPERATING REQUIREMENTS AND STANDARDS FOR CANNABIS USES INCLUDING RETAIL CANNABIS STOREFRONT AND NON-STOREFRONT USES TO IMPLEMENT THE CITY OF COSTA MESA RETAIL CANNABIS TAX AND REGULATION MEASURE (MEASURE Q)

DATE: APRIL 26, 2021

FROM: DEVELOPMENT SERVICES DEPARTMENT/PLANNING DIVISION

PRESENTATION BY: NANCY HUYNH, SENIOR PLANNER

**FOR FURTHER INFORMATION CONTACT: NANCY HUYNH (714) 754-5609
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RECOMMENDATION:

Give second reading to and adopt:

- Ordinance No. 2021-08 to adopt Zoning Code Amendment CO-2021-01 amending Title 13, Chapter IX, Article 21 and Chapter IV, Table 13-30 of the Costa Mesa Municipal Code; and
- Ordinance No. 2021-09 to amend Title 9, Chapter I, Article 5, Chapter II, Article 1, and Chapter VI of the Costa Mesa Municipal Code regarding the taxation and regulation for retail cannabis uses including storefronts and non-storefronts.

ANALYSIS:

At its regular meeting of April 20, 2021, the City Council gave first reading to and introduced Ordinance No. 2021-08 and Ordinance No. 2021-09 by a 5-2 vote (Councilmembers Harper and Reynolds voting no).

The Ordinances amend both Title 9 and Title 13 of the Costa Mesa Municipal Code. Title 13 (Zoning Code) is amended to update the land use matrix and add a new code section which establishes the zoning, location, and permitting requirements as well as development standards for retail cannabis storefronts and non-storefronts. Title 9 is

amended to establish the retail cannabis tax rate and operating requirements for retail cannabis uses.

As part of its motion approving the first reading and introduction of the Ordinances, the City Council articulated requested changes to the Ordinances. Those changes are reflected in the final Ordinances (Attachment 1 and 2). and are also provided in in underline/strike through format in Attachments 3 and 4 to this agenda report.

The agenda report and video for the April 20, 2021 City Council meeting can be found at the following links:

Agenda Report: <http://ftp.costamesaca.gov/costamesaca/council/agenda/2021/2021-04-20/PH-1.pdf>

Video: https://costamesa.granicus.com/player/clip/3705?view_id=10&redirect=true

If approved, the Ordinances would become effective 30 days after the second reading.

PUBLIC NOTICE:

Pursuant to Government Code 36933, a summary of the proposed Ordinances was published once in the newspaper no less than 5 days prior to the May 4, 2021 second reading. A summary of adopted ordinances will be published within 15 days after the adoption.

As of this report, no additional written public comments have been received. Any additional written comments received will be forwarded under separate cover.

ALTERNATIVES:

The City Council may give second reading and adopt the Ordinances as proposed, modify the Ordinances, or not adopt the Ordinances. If the City Council chooses to make substantive modifications to one or both of the Ordinances after introduction, the modified Ordinance(s) would need to be brought back at a future meeting for second reading and adoption.

FISCAL REVIEW:

Fiscal impacts were discussed in detail in the April 20, 2021 City Council agenda report.

LEGAL REVIEW:

The subject Code Amendment has been prepared by the City Attorney's Office.

CITY COUNCIL GOALS & PRIORITIES:

Achieve long-term fiscal sustainability.

CONCLUSION:

Staff recommends that the City Council give second reading to and adopt Ordinance No. 2021-08 (Code Amendment CO-2021-01) and Ordinance No. 2021-09. The adoption of the proposed Ordinances would establish a process for the City to regulate, review, and tax cannabis retail businesses pursuant to Measure Q. If approved, the Ordinances would become effective 30 days after the second reading by City Council.

NANCY HUYNH
Senior Planner

JENNIFER LE
Director of Economic and Development
Services

CAROL MOLINA
Finance Director

KIMBERLY HALL BARLOW
City Attorney

- Attachments: 1. [Ordinance No. 2021-08 \(Title 13\)](#)
2. [Ordinance No. 2021-09 \(Title 9\)](#)
3. [Title 13 Revisions in underline/~~strikethrough~~](#)
4. [Title 9 Revisions in underline/~~strikethrough~~](#)