

Exhibit 1

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Discussion

The County of Monterey has current regulations that allow certain types of cannabis uses, including regulations and procedures that require a discretionary permit be obtained to operate a cannabis retail facility. The Board of Supervisors directed staff to prepare an ordinance that could allow cannabis consumption on sites that allow cannabis retail uses. In fall 2025, the Board of Supervisors’ Cannabis Committee considered preparation of such an ordinance and directed staff to prepare a draft ordinance and conduct outreach at a Planning Commission workshop.

Staff has structured the draft regulations for a cannabis consumption venue (**Exhibit 2**) to allow a cannabis consumption venue as one of the features of a cannabis retail facility. In other words, a consumption venue cannot exist without a cannabis retail facility. Cannabis retail facilities are allowed in certain zoning districts (table below and **Exhibit 3**) and must be setback certain distances from identified sensitive land uses. The following table describes the only zoning districts that allow cannabis retail facilities in the unincorporated area.

Allowable Zoning Districts

Inland (Non-Coastal) Zoning Districts	Coastal Zoning Districts
Light Commercial	Moss Landing Commercial
Heavy Commercial	Coastal General Commercial
Mixed Use	

Unincorporated Monterey County currently has eight operating retail locations. More facilities could be opened subject to being within the zoning districts described above, ability to meet location restrictions outlined in the ordinance, and the ability to obtain a discretionary permit for a cannabis retail facility.

Existing Retail Locations

Facility Name	Location	Type
Smoke Stacks (East of Eden)	Moss Landing	Dispensary
One Plant (Higher Level)	Castroville	Dispensary
Big Sur Canna Botanicals	Carmel	Dispensary
White Fire (East of Eden)	Prunedale	Dispensary
Synchronicity Holistic	Carmel	Dispensary
Cali Love	Salinas (North County)	Dispensary
Santa Cruz Naturals	Pajaro	Dispensary
One Plant	Salinas (North County)	Dispensary

The existing setback requirements are as follows (MCC Section 21.67.040.B.2 and 3):

- “2. Retail facilities shall not be located within a six hundred (600) foot radius of a school providing instruction in kindergarten or any grades 1 through 12, a child care center, a youth center, a playground, or a drug recovery facility that is in existence at the time of approval of permits by the Appropriate Authority. The distance specified in this Section shall be measured from property line to property line, except for playgrounds, which will be measured from the boundary of the playground facility.
3. Retail facilities shall not be located within one thousand five hundred (1,500) feet of another approved retail facility, except when a retail facility demonstrates to the satisfaction of the Appropriate Authority that special circumstances exist.
 - a. Special circumstances require a proposed retail facility to provide proof based on substantial evidence of the following:
 - i. The proposed retail facility is located within a Community Area, Rural Center, or Large Shopping Center; and
 - ii. The proposed retail facility would result in no more than three (3) retail facilities in the designated Community Area, or result in no more than two (2) retail facilities in the Rural Center or Large Shopping Center.”

The current regulations also allow that a Use Permit can be obtained to allow cannabis retail facilities that do not meet the 1500 foot requirement of MCC Section 21.67.040.B.3, pursuant to the requirements of MCC Section 21.67.040.B.3.a through c.

In preparing a draft ordinance to allow cannabis consumption venues in unincorporated Monterey County, staff reviewed local ordinances developed by the County of Santa Cruz, West Hollywood, and National City (San Diego County) (**Exhibits 4, 5 and 6**). These jurisdictions have developed ordinances that allow cannabis consumption venues through a ministerial process, with much of the rigorous review conducted for the retail facility permits, which are discretionary permits that allow public participation in the process. Staff has structured these draft ordinances in the same manner, as any retail permit must undergo a discretionary permit process and environmental review under the California Environmental Quality Act prior to being approved. Once approved, any retail facility must also obtain a Commercial Cannabis Business Permit pursuant to Monterey County Code Chapter 7.90, and renew those permits annually. The facilities are also subject to regular inspections by several departments to ensure they maintain conformance with County regulations.

Given the high level of oversight for retail cannabis operations, staff is recommending that adding a cannabis consumption venue use to an existing retail facility can be considered through a ministerial permit process overseen by the County of Monterey Cannabis Program Manager. Some amendments to Monterey County Code Chapter 7.90 are proposed to facilitate allowing cannabis consumption venues (**Exhibit 2-A**). Staff is also proposing changes to the zoning ordinance to establish the regulations that would be applicable to a cannabis consumption venue (**Exhibit 2-B**).

Staff has prepared draft amendments to the Inland Zoning Ordinance (Title 21) to regulate cannabis consumption venues. Once the Planning Commission workshop process is complete, staff would subsequently make similar amendments to the Coastal Zoning Ordinance (Title 20) if that is the direction of the Planning Commission.

The draft ordinances amending Monterey County Code Title 21 and Chapter 7.90 have the following key features:

- All cannabis consumption venues would need to obtain a permit from the Cannabis Program and meet the same distance requirements from sensitive uses as cannabis retail facilities;
- The Cannabis Program permit would continue to be a ministerial process;
- Any venue that allows smoking would have to provide an engineered ventilation system to protect the health of the public, including the facility's customers and employees;
- Adding a cannabis consumption venue that includes smoking to an existing retail facility as an outdoor use or under enumerated circumstances would require obtaining an additional discretionary land use permit;
- Customer education and protection are included in the regulations;
- Customers would be admitted to a consumption area only through the retail facility; and
- The ordinance allows live entertainment and food service as allowed by our local ordinance and state law, respectively

Staff requests that the Commission seek public comment and provide input to staff on the following options and recommendations. Staff will conduct further outreach and return to the Commission with recommendations in the form of a draft ordinance, including the appropriate environmental review information needed to adopt the ordinance.

Topic 1 – Identify if and how a cannabis consumption venue may be allowed:

Other jurisdictions that allow cannabis retail facilities are considering allowing consumption venues. No jurisdictions within Monterey County allow cannabis consumption venues. County staff have analyzed three jurisdictions' adopted ordinances that allow cannabis consumption venues and have patterned the draft ordinances after some of their regulations, as well as input from the local cannabis industry. The cannabis consumption venue ordinances adopted by other jurisdictions that staff reviewed outline a ministerial permit process to add consumption to a permitted retail facility.

- **Option A – Allow indoor cannabis consumption venues as a permitted use if the location has an existing discretionary permit for cannabis retail facility:** Where an extensive set of regulations can address expected land use concerns, the process for permitting an additional associated use can be simplified and clearer for both the public and the applicant. Because a cannabis consumption venue as proposed in the draft ordinances would only be allowed as part of a retail facility, staff recommends that the discretionary review remain with the retail facility permit. The proposed regulations would allow indoor cannabis consumption venues with ministerial approval; however, outdoor consumption

venues would require a separate discretionary permit.

Cannabis is legal in the state of California, but consumption and smoking outside is limited. According to the state website <https://www.cannabis.ca.gov/consumers/whats-legal/>, cannabis can only be consumed on private property. Smoking is further limited to not occur in areas that prohibit smoking tobacco and at least 1,000 feet from schools, day care facilities, and youth centers while kids are present. Many apartment buildings and commercial businesses, such as hotels, do not allow consumption on site. Consumption cannot occur on public property. Cannabis cannot be in an open container in a vehicle; it must either be in a sealed container or in the trunk. As a result of these various regulations, a significant amount of people have few or no options where they may safely and legally consume cannabis. A cannabis consumption venue can provide a location for this part of the public.

Permitted cannabis retail facilities in unincorporated Monterey County have undergone an extensive review and discretionary permit process. In the Inland areas of the county, a retail facility must meet significant regulations outlined in Chapter 21.67 of the County Code, and undergo a discretionary permit process for the County to consider whether the use is appropriate at the scale and location proposed. If a discretionary permit is approved, conditions of approval may apply to the business prior to operations. The cannabis retail facility must also obtain a separate Cannabis Business Permit from the County Cannabis Program (MCC Chapter 7.90). A significant regulatory framework has been adopted to ensure that the public's health and safety are preserved while allowing cannabis retail facilities.

Allowing a cannabis consumption venue allows the County to control how consumption can occur in a commercial setting. The benefits of having a commercial venue include the ability to educate the consumer on responsible consumption, allow consumers to try new products in a controlled environment, and allow the business to provide information on safely leaving the business. The County has a ride coupon program for bars and other circumstances where driving could be impaired that provides discounts for using rideshare services; however, the program is funded on a year-by-year basis, so we cannot say that it will continue to be available. These coupons can be provided through any cannabis business.

- **Option B – Allow cannabis consumption venues with amendments to the original discretionary permit:** Another option is to allow these venues (indoor and outdoor) but with a discretionary permit process that allows decision-making bodies to hold a hearing and determine if the consumption venue is appropriate for the proposed location of an existing retail facility. Amendments to the cannabis retail facility discretionary permit could require notice and hearing. It would be a multi-month process and could be expensive for the applicant, with no certainty of approval.
- **Option C – Allow cannabis consumption venues only with a new discretionary permit:**

Another option is to require a new discretionary permit to add a cannabis consumption venue. This process would be similar to Option B, but would require a separate, new discretionary permit, rather than an amendment to the one issued for the cannabis retail facility. Because a consumption venue must be paired with a retail facility, staff does not recommend this option for proposed indoor consumption venues. A cannabis consumption venue should be considered part of a retail facility and staff has structured the draft ordinance to include the regulations for a cannabis consumption venue as part of the retail facility section of the County Code.

- **Option D – Do not allow cannabis consumption venues:** An option is to not adopt an ordinance to allow cannabis consumption venues, leaving the regulations as they currently exist. This option ensures that consumption is not concentrated in any given area but does not provide the education or controlled environment described above for the recommended option. People that cannot consume cannabis where they reside or work would not have a legal location to consume product other than perhaps private residences. This option may also cause people to consume cannabis where they cannot legally do so.

Staff Recommendation: Staff recommends Option A for the reasons outlined in that section.

Topic 2 – Identify if and how a cannabis consumption venue may expand the cannabis retail facility footprint:

- **Option A – Allow a cannabis retail facility to expand into adjoining spaces within the same building or adjacent outdoor space to accommodate the cannabis consumption venue:** The draft ordinance provides a process that requires that the cannabis retail facility may expand on the same property or within the same building to accommodate cannabis consumption, if the distance requirements to sensitive uses can be maintained, without a discretionary permit. Because the consumption venue must be associated with a cannabis retailer, the ordinance has been structured to ensure that the retail facility staff can provide the necessary oversight for the cannabis consumption venue use. The ordinance includes that the entrance to the cannabis consumption venue be through the cannabis retail facility, that product must be purchased at the retail facility for consumption on site, that significant controls be added to ensure odor does not affect off-site areas, and that customer service and information is provided by the retailer staff. If a retailer desires to add an outdoor area for consumption, the draft ordinance requires that a discretionary permit be obtained to ensure that the site is appropriate for such a use and that odor control can be achieved in an outdoor space or is not needed because of the location’s specific features.
- **Option B – Allow cannabis consumption venue only within the existing permitted space for the cannabis retail facility:** This option would require that adding a cannabis consumption venue could only occur within the footprint already approved for the cannabis retail facility. Adding a consumption venue would typically be adding a new use and require a footprint expansion. This option assumes that an applicant could expand their footprint but

only by obtaining an additional discretionary permit.

Some of the existing retailers may be adding very small-scale consumption use to their business model, which may not require expanding their retail facility footprint. However, some of the existing retailers we have met with are hoping to expand their footprint to accommodate consumption space. This option would preclude that expansion unless a separate discretionary permit is obtained.

- **Option C – Require new discretionary permits to allow cannabis retail facility expansion for any proposed cannabis consumption venue:** Staff does not recommend that new discretionary permits be required for adding a cannabis consumption venue. However, it is certainly an option to discuss as part of the workshop. The benefits are that a discretionary permit process allows a thorough review of the business’ proposed use, public participation in the permit process, and consideration of any unique location factors. The drawback is that there can be significant cost associated with applying for a discretionary permit with no certainty that the permit will be approved. It is also an issue for County staff who have significant workloads already, which has caused delays in processing times to get discretionary permits to the Appropriate Authority. With a robust set of regulations for a cannabis consumption venue that addresses anticipated land use issues, an additional discretionary permit process would add little, if any, value and has significant concerns for the applicant.

Staff Recommendation: Staff recommends Option A as most consumption venues will likely need to expand their footprint and does not require an expensive, time-consuming, and uncertain discretionary permit process to do so. The proposed draft ordinances include regulations to address anticipated land use compatibility and public health issues. If staff had identified issues that could be location-specific or where regulations could not be identified to address those issues, we would recommend that a discretionary permit process would be more appropriate. However, we think that regulations can be adopted to address foreseeable land use concerns for adding a consumption use to an existing retail facility.

Topic 3 –Cannabis consumption venues hours of operation:

Staff requests the Planning Commission’s feedback on the hours of operation for a cannabis consumption venue. The current regulations require that a cannabis retail facility be open not earlier than 8 am and close not later than 8 pm. The industry has requested that a cannabis consumption venue may be allowed to be open later. One request is to allow sales to occur until 10 p.m., if the retail facility includes a cannabis consumption venue, and that the business would close by midnight. The draft ordinance includes this change to hours of operation as part of the changes to the existing regulations.

- **Option A – Allow hours to be set by ordinance for cannabis consumption venues that are different than for cannabis retail facilities.** At least one retailer who is interested in opening a cannabis consumption venue has requested that hours be expanded for this new

land use. There will be significant investment required to open some of the cannabis consumption venues that want to operate like a social space that allow consumption in a larger space, such as would be found in a bar that serves alcohol. The investment required includes purchase or rent of the extra square footage needed for the consumption venue and, perhaps more significantly, the cost of installing the needed ventilation system to protect the health of the customers and employees, and avoid odors from travelling off site. Longer hours provide more opportunity to recover those extensive costs to open the business.

- **Option B – Maintain the hours already established for cannabis retail facilities to apply to any proposed cannabis consumption venue.** As we discussed above, the hours of operation for a cannabis retail facility are limited to between 8 am and 8 pm. This limitation would require that all consumption venues close at 8 pm and therefore not allow consumption past 8 pm. These hours could be too limiting for people that desire to consume cannabis after their work hours and cannot consume cannabis where they reside. The hours also limit the social connection that some may seek in consuming cannabis with other people at a consumption venue.
- **Option C – Allow hours that are proposed for a cannabis consumption venue that would be different than our cannabis retail facility hours to be considered only through a discretionary permit process.** As discussed above in Topic 1, there are benefits and costs associated with requiring a discretionary permit process to add a cannabis consumption venue to a cannabis retail facility. Please see pertinent discussion above (Topic 1, Option A), as this is an option to discuss as part of the workshop discussion.

Staff Recommendation: Staff recommends, and the draft ordinance currently includes, Option A, allowing a retail facility with a cannabis consumption venue to allow retail sales until 10 pm and closing the business by midnight.

Topic 4 – Identify if and how live entertainment is allowed within a cannabis consumption venue:

The Monterey County zoning ordinance (Title 21) allows live entertainment within commercial districts that allow cannabis retail facilities pursuant to obtaining a discretionary permit “where live entertainment is provided within two hundred (200) feet of the boundary of a residential district.” If the 200-foot distance requirement is not an issue for the business, live entertainment is considered to be an allowed use appurtenant to the land use allowed for the site through the discretionary permit process. Live entertainment would be allowed but needs to be part of the operations plan and meet all applicable code requirements, such as the distance from residential districts, parking requirements, and noise regulations.

One cannabis industry member has concerns that the current zoning ordinance does not specifically identify how live entertainment is handled in commercial areas. Their business model for a larger consumption venue, like a smoking lounge, may need live entertainment to be financially successful. The County Code already includes regulations that control use intensity, noise, and parking for all commercial uses, including regulation of live entertainment, and already limits hours of operation for

cannabis retail facilities.

- **Option A – Allow live entertainment within cannabis consumption venues through identification of existing specified regulations.** The existing regulations have served our communities well over many years, with very few complaints about live entertainment within our Commercial zoning districts. The County Code has controls in place for noise and parking already and those regulations would be used to ensure that an appurtenant live entertainment use does not cause issues for neighbors. Existing County Code also addresses potential land use incompatibility issues and nuisance concerns, specifically it requires a discretionary permit to allow live entertainment if the venue is within 200 feet of a residential district. The cannabis consumption venue ordinance as drafted provides a clear statement added regarding how the existing code is applied for live entertainment to be specifically allowed within a cannabis consumption venue. Those existing regulations address topics such as use intensification potential, parking, noise, and hours of operation.
- **Option B – Allow live entertainment within cannabis consumption venues only with a discretionary permit.** Allowing live entertainment could be viewed as an appurtenant use that could intensify the use of a cannabis consumption venue and, therefore, should require a discretionary permit. As pointed out above, obtaining discretionary permits can be an expensive and time-consuming process with no certainty of approval. On the other hand, they provide the most ability of the public to be involved with the decision-making process.
- **Option C – Do not allow live entertainment within cannabis consumption venues.** The Planning Commission could direct that the ordinance specifically prohibit live entertainment. This option would likely lead to fewer customers being attracted to the site, which may avoid potential land use conflicts but not good for the potential success of the business.

Staff Recommendation: Because the County Code already handles potential land use incompatibility issues, staff recommends Option A, which incorporates existing County Code into the language of the draft ordinance.

Topic 5 – Consider appropriate locations for cannabis consumption venues:

The current regulations allow cannabis retail facilities in both the Coastal Zone and in the Inland area only in the zoning districts listed above. No change is being proposed to those zoning districts. To apply these rules to the entire unincorporated area would require that staff develop an ordinance for consideration in the Coastal Zoning Ordinance (Title 20) as well as the draft ordinance prepared for the Inland area. The two zoning districts in the Coastal Zone are generally found in more urbanized areas or rural commercial areas of the County’s Coastal Zone. The Inland zoning districts that allow cannabis retail facilities are also found in the more urbanized areas of the County or in rural commercial centers.

- **Option A – Allow cannabis consumption venues within the Coastal Zone and the Inland area.** The issues are similar for both the Coastal Zone and Inland areas to allow cannabis consumption venues. The issues tend to be operational, such as odor control, customer service, and a general concern for

public health and safety. The locations must be within commercial zoning districts and are generally not constrained by resource issues. Any resource issues would have been addressed by the discretionary permit to initially allow the cannabis retail facility. Staff would consider the potential for site expansion into environmentally sensitive habitat as it prepares a coastal zone ordinance on this topic, but generally those issues are already addressed by other existing regulations in the Coastal Implementation Plans for each planning area, which trigger a discretionary permit if sensitive resources could be affected.

- **Option B – Limit cannabis consumption venues to within the Inland areas only or in the Coastal Zone only.**

Staff Recommendation: Staff recommends Option A to ensure consistency between the areas and zoning districts in which the adopted regulations allow cannabis retail facilities.

Topic 6 – Consider level of detail required for ventilation system regulations:

Other jurisdictions have addressed how to provide adequate ventilation, to protect the health of customers and employees and the general public, through their cannabis consumption ordinances. Santa Cruz County’s ordinance has prescriptive requirements that provide significant detail on what will be required for the on-site ventilation system. National City’s ordinance has a qualitative statement, as follows:

“Cannabis consumption areas shall be well ventilated private areas of the retail establishment and are designed to prevent the flow of smoke to any other area of the establishment.”

West Hollywood’s Ordinance also provides a qualitative regulation that discusses controlling that the “odor is not detected outside the property or lease area boundaries...”

The draft ordinance prepared by County staff for discussion at this workshop is patterned more after Santa Cruz County’s more technical regulations for ventilation systems.

- **Option A – Provide detailed, measurable regulations to ensure common understanding of what is required.** The benefit of this detailed approach is that applicants and their ventilation system designers are provided with details that they can design for their proposed ventilation system. It would provide a standard of odor and smoke control that should protect the public health and handle odor control for the business. The drawback is that it is possible that all the quantitative requirements may not result in complete odor prevention. However, staff anticipates that this option would provide some certainty about protecting the health of customers, employees, and others near the business.
- **Option B – Allow qualitative statements that ensure odors cannot be detected off-site.** As discussed in the introduction to this topic, some jurisdictions have qualitative statements that attempt to regulate the outcome that odors are not detected off site. While this is a simple ordinance approach, it becomes difficult to

enforce when there is disagreement about what people smell.

- **Option C – Allow technical reports to provide level of protection for the public health.** This is somewhat a variation on both Options A and B in that the ordinance would require an outcome that will require a system designed to achieve the no-odor goal. In this scenario, the ordinance would clearly state that a professional design a system to be submitted to the County for review by the Building Department. The design professional would be describing their methods for achieving the no-odor goal. This option could be acceptable but does not provide the quantitative level of guidance that is being proposed in the draft ordinance (Option A). That would likely provide less certainty to the design professional and, ultimately, to the business owner.

Staff Recommendation: Staff recommends Option A to ensure that health is protected in and around the venue.