



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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October 22, 2025

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Matter Type: General Agenda Item

- a. Receive a presentation related to developing an ordinance to allow Cannabis Lounges as an allowed land use; and
- b. Direct staff to conduct public outreach activities in relation to developing a Cannabis Lounge ordinance for the coastal and non-coastal areas of Monterey County.

RECOMMENDATION:

It is recommended that the Board of Supervisors Cannabis Committee:

- a. Receive a presentation related to developing an ordinance to allow Cannabis Lounges as an allowed land use; and
- b. Direct staff to conduct public outreach activities in relation to developing a Cannabis Lounge ordinance for the coastal and non-coastal areas of Monterey County.

SUMMARY:

County staff is considering an ordinance that will allow all existing cannabis retailers to also include a cannabis “lounge” (consumption) on site if they can meet all the requirements in the ordinance. The focus on those requirements would be ventilation, ensuring a safe environment for employees and customers, and ensuring that odor control is addressed. The ordinance would require a ministerial permit through the Cannabis Program annual permit (MCC 7.90.040) and renewal process. A discretionary (planning) permit option is being discussed to potentially allow outdoor cannabis lounges where the circumstances warrant and would also be required if additional parcels are necessary to establish a cannabis lounge associated with an existing dispensary.

DISCUSSION:

Monterey County Code Framework for Retail Cannabis Uses

The County of Monterey adopted ordinances that regulate commercial cannabis activities in the unincorporated area. The County Code definitions state that the terms “Dispensary,” “Retailer” and “Retail Facility” have the same meaning for the purpose of implementing the regulations.

The non-coastal area regulations are found in Chapter 21.67 at the following webpage:

https://library.municode.com/ca/monterey_county/codes/code_of_ordinances?nodeId=TIT21ZO_CH21.67COCAAC

The coastal zone regulations are found in Chapter 20.67 at the following webpage:

https://library.municode.com/ca/monterey_county/codes/code_of_ordinances?

[nodeId=TIT20COZO_CH20.67COCAAC>\).](#)

Retail cannabis is specifically regulated as a land use in Monterey County Code sections 20.67.040 (coastal zone) and 21.67.040 (non-coastal areas). The county code allows retail uses in certain zoning districts and establishes requirements to ensure compatibility with other land uses in the vicinity. Retail uses are also called a dispensary and are allowed in only four specific zoning districts. The inland area allows dispensaries in the Light Commercial and Heavy Commercial zoning districts with Administrative Permits; the coastal zone allows dispensaries in the Moss Landing Commercial and Coastal General Commercial zoning districts with Coastal Development Permits.

The zoning regulations establish required findings that must be made to approve a discretionary permit for cannabis retail facilities. Included in those findings are a requirement that establishes distance “buffers” from certain land uses and from other cannabis retail facilities:

“The retail facility will 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, and the retail facility will not be located within one thousand five hundred (1,500) feet of another retail facility.”

The following Specific Findings are required to approve a commercial cannabis retailer use (excerpt from non-coastal regulations):

1. The retailer, as proposed has demonstrated that it can and will comply with all the requirements of the state and County to operate a cannabis retail facility.
2. The retail facility will 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, and the retail facility will not be located within one thousand five hundred (1,500) feet of another retail facility.
3. The retailer, as approved and conditioned, will not result in significant unavoidable impacts on the environment.
4. The retailer includes adequate measures that minimize, to the extent feasible, nuisances to the immediate neighborhood and community including minimizing the detection of odor from offsite, minimizing the effects of loitering, providing adequate security measures, and not exceeding the permit's limits on hours of operation.
5. The retailer will provide adequate measures that address the federal enforcement priorities for cannabis activities including providing for restrictions on drugged driving, restricting access to minors, prohibiting use or possession of firearms for security purposes at the premises, and ensuring that cannabis and cannabis products are supplied from permitted and licensed sources.

Each existing Cannabis Retailer has met, or a proposal to establish a new retail location will have to meet, significant requirements to allow them to be approved for a location. These include the provisions identified in the findings, above, and the regulations section of the ordinance, including

providing on-site security, ensuring product safety, and labeling requirements. In addition, the zoning ordinance requires a very specific list of Conditions of Approval be placed on each discretionary permit issued for cannabis retail facilities, including physical inspections and inspections of records, compliance with other portions of the County Code (including Chapter 7.90), compliance with state and local permits, and limiting the hours of operation.

In addition to the zoning regulations, the County Code includes regulations to control cannabis businesses, including retail uses, in Chapter 7.90, Commercial Cannabis Permits. This chapter, together with Chapters 7.02

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https://library.municode.com/ca/monterey_county/codes/code_of_ordinances?nodeId=TIT21ZO_CH21.69OUCOCACUPIPR of the Monterey County Code, require necessary

licenses and land use entitlements for all commercial cannabis operations, and is intended to establish criteria for issuing local permits pursuant to the Medicinal and Adult-Use of Cannabis Regulatory and Safety Act and to establish an effective regulatory and enforcement system consistent with the guidance issued by the United States Department of Justice. Chapter 7.90 requires that any commercial cannabis activity obtain a commercial cannabis business license through the Cannabis Program office, as well as obtain a land use entitlement pursuant to the applicable zoning ordinance. The chapter includes information on the procedures for applying, renewing, or modifying a commercial cannabis business permit, and guidance on circumstances for denying a permit. This section of County Code also lays out operational requirements, procedures for suspension or revocation of permits, and enforcement procedures.

Geographic Information System Information

The County's website includes a Geographic Information System interface that graphically depicts where dispensaries can be located pursuant to regulations established in the Monterey County Code. The County's Geographic Information System has a layer called "Commercial Cannabis Zoning" at

[https://montereyco.maps.arcgis.com/apps/webappviewer/index.html?](https://montereyco.maps.arcgis.com/apps/webappviewer/index.html?id=7e547350530340bdaaa5458039adb9d0)

[id=7e547350530340bdaaa5458039adb9d0](https://montereyco.maps.arcgis.com/apps/webappviewer/index.html?id=7e547350530340bdaaa5458039adb9d0). In looking at this resource, the public can identify which areas/zoning districts allow commercial retail cannabis uses, and the layer also includes the setback (buffer) requirements to other land uses identified by the county code to be potentially incompatible uses (schools, child care centers, youth centers, playgrounds, or a drug recovery facility).

Existing Retail Facilities

The following facilities have been approved and are operating as Retail Cannabis facilities in the unincorporated area:

Facility Name	Planning Permit File Number	Location	Type
Smoke Stacks (East of Eden)	PLN170300	Moss Landing	Dispensary
One Plant (Higher Level)	PLN170093	Castroville	Dispensary
Big Sur Canna Botanicals	PLN160803-AMD1	Carmel	Dispensary
White Fire (East of Eden)	PLN170481	Prunedale	Dispensary
Synchronicity Holistic	PLN160807	Carmel	Dispensary
Cali Love	PLN190008	Salinas(North County)	Dispensary
Santa Cruz Naturals	PLN170145	Pajaro	Dispensary
One Plant	PLN170478	Salinas	Dispensary

Proposed Concept

County staff is considering developing an ordinance that will allow all existing cannabis retailers to also include a cannabis “lounge” (consumption) on site if they can meet all the ordinance requirements. The focus on those requirements would be ventilation to ensure a safe environment for employees and customers as well as ensuring that odor control is addressed. The lounge would be required to obtain a ministerial permit, which would be processed through the Cannabis Program annual permit and renewal process (MCC 7.90.040).

No additional discretionary (planning) permit would be required. The reason is that a retail site has a lot of location restrictions, as described above, to ensure they are not located close to sensitive receptors/uses. The property would have earlier gone through a discretionary permit process to establish the retail use. Any retail cannabis location that has already been through that process has been thoroughly analyzed to ensure it meets code requirements for land use compatibility, property capacity for the use (zoning, parcel size, parking), and operational limitations required by the code and permit’s conditions of approval.

The Cannabis Lounge ordinance would be crafted to ensure that the proposed lounge facility meets all health codes and building code requirements for ventilation/air exchange. That effort is important to protect the public health, including the health of cannabis retailer employees, from smoke and its adverse effects. The ordinance is expected to also include operational requirements that would ensure that employees’ health is protected.

Staff is considering two scenarios for outreach and discussion where a discretionary permit would be required. One scenario is to potentially allow outdoor lounge use if the location can demonstrate that emissions can be controlled, or the property is in an area where odors and smoke would not affect adjacent land uses. In addition, if an existing retail facility needs to expand to other property to accommodate a lounge, that would be an intensification of use that likely would also trigger a discretionary permit. Staff is initially considering that these circumstances should require a discretionary permit so that all the factors can be adequately analyzed, and the permit could be denied if land use compatibility cannot be demonstrated for that set of circumstances.

Santa Cruz County recently adopted a set of regulations (attached) that allows consumption on site. Concerns raised through that process included an increased risk of impaired driving, proximity to school routes, the condition of road infrastructure, and the potential for youth exposure. Many of these issues are addressed in the current Monterey County Code by establishing setbacks to sensitive land uses, such as schools and child care centers. Proximity to school routes is not addressed within our current regulations. Impaired driving concerns and youth exposure are legitimate concerns that require education and enforcement capabilities; our County's existing regulations address these topics and would continue to apply to any cannabis lounge activities.

Cannabis retailers identified the potential market demand, the unique experience of a consumption lounge, and educational opportunities by providing on-site consumption, as well as a potential enhancement of product value. In discussions with current retailers, they look at lounges as an opportunity to provide education on responsible use of cannabis.

Staff is not recommending a pilot program approach for cannabis lounges. Adding a lounge facility will take significant investment, particularly related to a ventilation system, and a pilot program likely would not provide sufficient time to recover the cost of such an investment from lounge operations.

OTHER AGENCY INVOLVEMENT:

The Board of Supervisors directed that staff conduct research and outreach to develop a cannabis lounge ordinance in 2024. Staff with the Monterey County Health Department, Housing and Community Development, Cannabis Program, County Counsel, Fire Departments and Sheriff's Office have discussed some draft ordinance concepts prior to this presentation to the Cannabis Committee. County staff met with industry representatives on October 20, 2025, to inform them of current staff efforts, at their regularly scheduled Cannabis Industry Meeting <https://calendar.countyofmonterey.gov/lists/2166/4466100>.

Staff is recommending that community outreach begin with the concepts currently proposed or as further shaped through the Board of Supervisors Cannabis Committee discussions.

FINANCING:

Staff time to develop the draft ordinance is included in the Fiscal Year 2024-25 Adopted Budget for HCD, Appropriation Unit HCD002, Unit 8543.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

Mark a check to the related Board of Supervisors Strategic Plan Goals:

- ☐ Well-Being and Quality of Life
- ☐ Sustainable Infrastructure for the Present and Future
- ☒ Safe and Resilient Communities
- ☒ Diverse and Thriving Economy

As stated in Monterey County Code section 7.90, "it is the intent of the County of Monterey to have a strong and effective regulatory and enforcement system with regard to cannabis that addresses threats to public safety, health and other law enforcement interests through robust controls and procedures

that are effective in practice, and that comply with state law and federal guidelines.” Allowing cannabis lounges would encourage business expansion to allow commercial consumption uses within the unincorporated area while staying within the intent outlined above.

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Approved by: Craig Spencer, Director of Housing and Community Development, 755-5233

Attachments:

Attachment A - Santa Cruz County Cannabis Lounge Ordinance (redline version)

cc: Cannabis Interested Parties Distribution List; Michele House, Cannabis Program; Dr. Edward Moreno, Health Department; Christabelle Zarraga, Health Department; Marni Flagg, Health Department; Elaine Narciso, Health Department; Kelly Donlon, County Counsel; Reed Gallogly, County Counsel; Nicholas Kennedy, Sheriff; Frank Espinoza, CAL FIRE; Joel Mendoza, North County Fire Protection District; Scott Anderson, Monterey County Regional Fire District; Rick Magno, Monterey County Regional Fire District; Craig Spencer, HCD; Melanie Beretti, HCD Sarah Wikle, HCD; Mike Novo, HCD; File