



THE CITY OF SAN DIEGO

Report to the Planning Commission

DATE ISSUED: May 22, 2025

REPORT NO. PC-25-024

HEARING DATE: May 29, 2025

SUBJECT: Amendment to Hours of Operation for Cannabis Outlets, Process 5

SUMMARY

Issue: SHOULD THE PLANNING COMMISSION RECOMMEND CITY COUNCIL APPROVE ADOPTION OF THE PROPOSED SAN DIEGO MUNICIPAL CODE AMENDMENT RELATED TO THE HOURS OF OPERATION FOR CANNABIS OUTLETS?

Staff Recommendation: Request that the Planning Commission provide a recommendation to the City Council to approve adoption of:

1. An ordinance amending Chapter 14, Article 1, Division 5 of the San Diego Municipal Code by amending Section 141.0504, relating to hours of operation for cannabis outlets.

Environmental Review: This activity, the amendment to the San Diego Municipal Code and Local Coastal Program related to the extension of hours of operation for cannabis outlets, is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15301 (Existing Facilities), as the amendment would provide for operational changes (up to two additional hours of operation) to existing cannabis facilities and does not include any expansion of the physical structures. None of the exceptions to the exemptions as listed in CEQA Guidelines Section 15300.2 would apply.

Fiscal Impact Statement: The proposed action is anticipated to result in an increase in sales tax revenue and cannabis tax revenue generated by cannabis outlets. Additionally, the extension is not expected to incur significant enforcement costs, as existing regulatory and security measures remain in place.

BACKGROUND

The requested amendment would align the City of San Diego's regulations with those of the State of California by extending the hours of operation for permitted cannabis outlets within the City of San Diego by two hours per day. Currently, the City's operating hours are from 7:00 a.m. to 9:00 p.m., which are more restrictive than the hours permitted by the State of California. This proposal seeks to extend business hours by one hour in the morning (opening at 6:00 a.m.) and one hour in the evening (closing at 10:00 p.m.). The recommended change aims to enhance economic opportunities, increase tax revenue, and align San Diego's regulations more closely with those of the State.

DISCUSSION

The City of San Diego has implemented a regulated framework for cannabis outlets, ensuring compliance with local zoning laws, security requirements, and public safety measures. Under current regulations, cannabis businesses operate within more restrictive hours compared to the State of California, which permits cannabis retail operations between 6:00 a.m. and 10:00 p.m. By extending the allowable hours of operation, the City can provide cannabis businesses with a more competitive landscape while maintaining regulatory oversight.

- **Economic Impact:** Allowing cannabis outlets to operate for an additional two hours per day is expected to generate increased sales tax and cannabis business tax revenue for the City. Cannabis sales contribute significantly to local tax revenues, and extending hours could enhance revenue opportunities for the General Fund.
- **Equity and Business Viability:** Aligning hours with the State framework provides consumers with increased access while ensuring cannabis businesses remain competitive with those in neighboring jurisdictions.
- **Public Safety and Compliance:** Extending operational hours maintains a regulated, legal marketplace and can deter illicit sales by increasing the availability of legal cannabis. Licensed outlets must continue to adhere to security requirements, such as surveillance systems and on-site security personnel, to mitigate any potential public safety concerns.
- **Consistency with State Standards:** The proposed hours (6:00 a.m. – 10:00 p.m.) align with California's state regulations, bringing San Diego in line with best practices adopted by other jurisdictions. Maintaining unnecessarily restrictive hours places local businesses at a competitive disadvantage compared to those operating in compliance with State law.

CONCLUSION

The proposed amendment to the hours of operation for cannabis outlets in San Diego aligns the city's regulations with those of the State. By allowing cannabis outlets to operate from 6:00 a.m. to 10:00 p.m., the city can enhance economic opportunities, increase tax revenue, and provide a more competitive landscape for local businesses. This change is expected to generate additional sales tax and cannabis business tax revenue, while maintaining regulatory oversight and public safety measures. The amendment supports the city's commitment to fostering a regulated, legal marketplace and ensuring that local businesses are not at a competitive disadvantage compared to those in neighboring jurisdiction.

Respectfully submitted,



Matthew Yagyagan
Chief of Policy
Office of the Mayor

STRIKEOUT ORDINANCE

OLD LANGUAGE: ~~Struck Out~~NEW LANGUAGE: Double Underline

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE AMENDING CHAPTER 14, ARTICLE 1,
DIVISION 5 OF THE SAN DIEGO MUNICIPAL CODE BY
AMENDING SECTION 141.0504, RELATING TO HOURS OF
OPERATION FOR CANNABIS OUTLETS.

§§141.0504 Cannabis Outlets

Cannabis outlets that are consistent with the requirements for retailer or dispensary license requirements in the California Business and Professions Code may be permitted with a Conditional Use Permit decided in accordance with Process Three in the zones indicated with a “C” in the Use Regulations Tables in Chapter 13, Article 1 (Base Zones). No more than four *cannabis outlets* are permitted in each City Council District except that any permitted *cannabis outlet* that changes City Council District as a result of redistricting may remain at its originally permitted location for the duration of its permit, regardless of the number of permitted *cannabis outlets* within the new City Council District boundary, and subject to continued compliance with this section. *Cannabis outlets* are subject to the following regulations.

(a) through (e) [No change in text.]

(f) The *cannabis outlet* shall operate only between the hours of ~~7:00~~ 6:00 a.m. and ~~9:00~~ 10:00 p.m., seven days a week.

(g) through (n) [No change in text.]

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO DETERMINING THAT THE APPROVAL OF
AMENDING THE HOURS OF OPERATION FOR CANNABIS
OUTLETS IS CATEGORICALLY EXEMPT FROM THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT UNDER
CEQA GUIDELINES SECTION 15301.

RECITALS

The Council of the City of San Diego (Council) adopts this Resolution based on the following:

A. The Council will consider approval of an amendment to the San Diego Municipal Code to extend the hours of operation for permitted cannabis outlets by two hours per day, allowing cannabis outlets to operate from 6:00 a.m. to 10:00 p.m. (Project). Under the current Municipal Code regulations, cannabis outlets are allowed to operate from 7:00 a.m. to 9:00 p.m. The amendment will align the Municipal Code with state law, which allows cannabis retail operations from 6:00 a.m. to 10:00 p.m.

B. The California Environmental Quality Act (CEQA), California Public Resources Code (Code) sections 21000-21189.91, provides in Code section 21083 that the California Office of Planning and Research will promulgate, and the Secretary of the California Natural Resources Agency will adopt, guidelines for implementation of CEQA. The California Office of Planning and Research promulgated, and the Secretary of the California Natural Resources Agency adopted, the guidelines for implementation of CEQA set forth in Title 14 California Code of Regulations sections 15000 through 15387 (CEQA Guidelines).

C. Code section 21084 requires the CEQA Guidelines to include a list of classes of projects that have been determined not to have a significant effect on the environment and are exempt from the provisions of CEQA. CEQA Guidelines sections 15300 through 15333 list

classes of projects that have been determined not to have a significant effect on the environment and declared to be exempt from preparation of environmental documents under CEQA.

D. The Council has considered the written record related to the Project and all public comments about the potential environmental effects of the Project. The Council, using its independent judgment, has determined that the Project is categorically exempt from the provisions of CEQA under CEQA Guidelines section 15301 (titled “Existing Facilities”) on the basis that the amendment would provide for operational changes (up to two additional hours of operation) to existing cannabis facilities and does not include any expansion of the physical structures.

E. No exception to the application of a categorical exemption set forth in CEQA Guidelines section 15300.2 applies to the Project.

F. The Office of the City Attorney prepared this Resolution based on the information provided by City staff (including information provided by affected third parties and verified by City staff), with the understanding that this information is complete and accurate.

ACTION ITEMS

Be it resolved by the Council of the City of San Diego:

1. The Project is categorically exempt from the provisions of CEQA under CEQA Guidelines section 15301 (Existing Facilities).
2. No exception to the application of a categorical exemption set forth in CEQA Guidelines section 15300.2 applies to the Project.

3. The City Clerk, or designee, is directed to file a CEQA Notice of Exemption regarding the Project with the Clerk of the Board of Supervisors for the County of San Diego and the State Clearinghouse in the Office of Land Use and Climate Innovation.

APPROVED: HEATHER FERBERT, City Attorney

By _____
Lindsey H. Sebastian
Deputy City Attorney

LHS:nja
05/06/2025
Or. Dept: Office of the Mayor
Doc. No. 4049651

I certify that the Council of the City of San Diego adopted this Resolution at a meeting held on _____.

DIANA J.S. FUENTES
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor