



City of Visalia

City Council

Monday, March 16, 2026

Cannabis Business Ordinance Design Review #3

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Recommendation:

Receive report on draft Cannabis Ordinance, and cannabis business application and selection process and provide staff with any input or necessary changes for future ordinance and resolution adoption.

City will not begin accepting applications at time of adoption

Also, authorize amending the existing sole source contract with HdL to assist staff prepare a fee nexus study for all cannabis business program fee amounts and appropriate \$12,000 from the General Fund for this contract amendment.

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Rescinding Chapter 5.66:

When adopting the Cannabis Ordinance, staff recommends rescinding Chapter 5.66.

To reduce confusion and be more efficient, provisions in Chapter 5.66 are now incorporated into Chapter 4.04.

This will also require some minor edits to Chapter. 8.64 to be consistent as well.

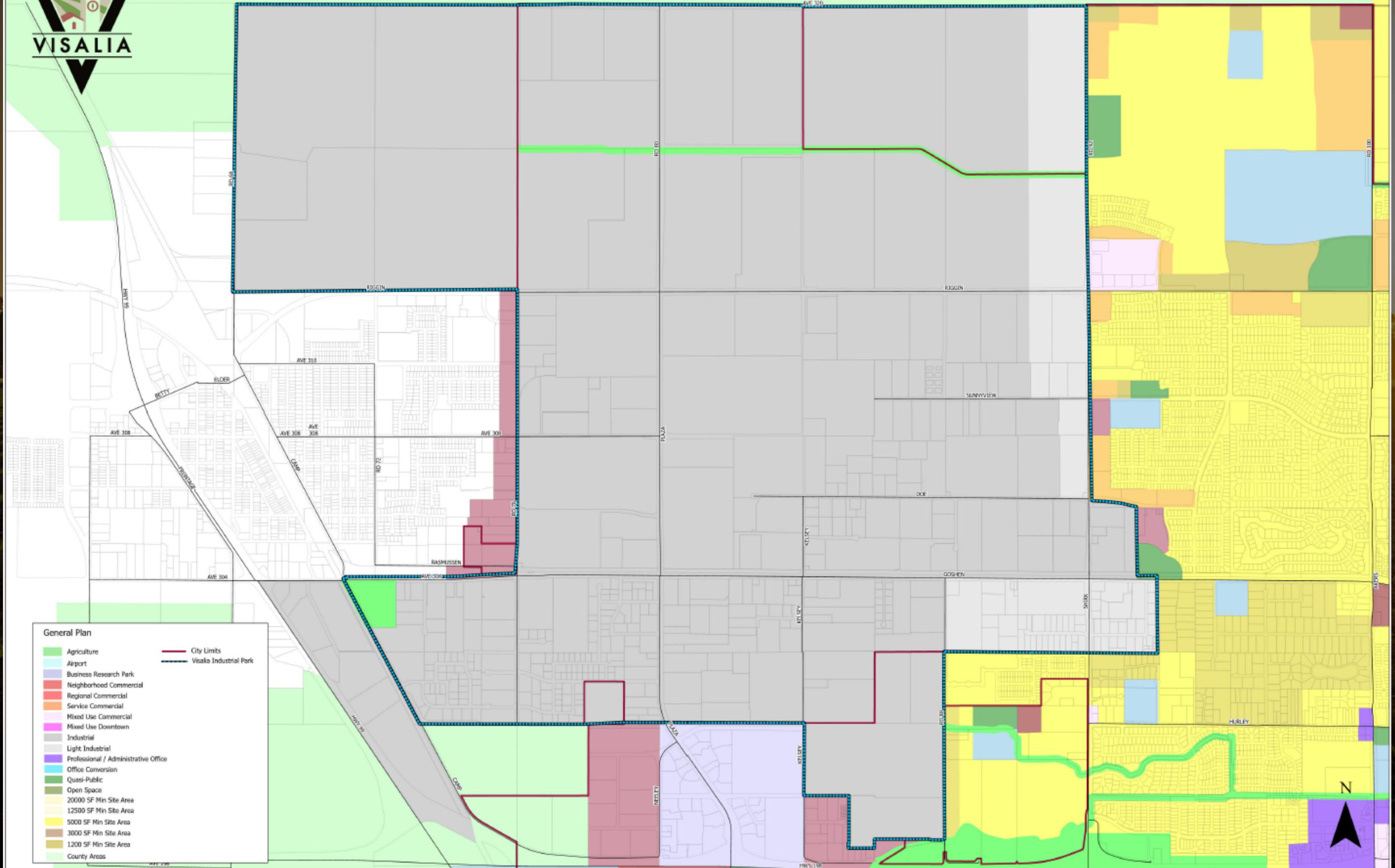
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Chapter 17 edits:

A Zoning update will is required primarily to indicate which zones cannabis businesses will be conditionally permitted:

- Retail Storefront: C-R, C-S, CMU (excluding Microbrewery Overlay)
- I-L, I: Non-storefront, Distributors, Manufacturers, Microbusiness, Processors (in Industrial Park Overlay only)
- Testing Laboratories: CMU, O-PA, BRP, I-L, I

Important to note: Retail storefront buffer requirements are established in the Cannabis Ordinance.



General Plan

Agriculture	City Limits
Airport	Visalia Industrial Park
Business Research Park	
Neighborhood Commercial	
Regional Commercial	
Service Commercial	
Mixed Use Commercial	
Mixed Use Downtown	
Industrial	
Light Industrial	
Professional / Administrative Office	
Office Conversion	
Quasi-Public	
Open Space	
20000 SF Min Site Area	
12500 SF Min Site Area	
5000 SF Min Site Area	
3000 SF Min Site Area	
1200 SF Min Site Area	
County Areas	

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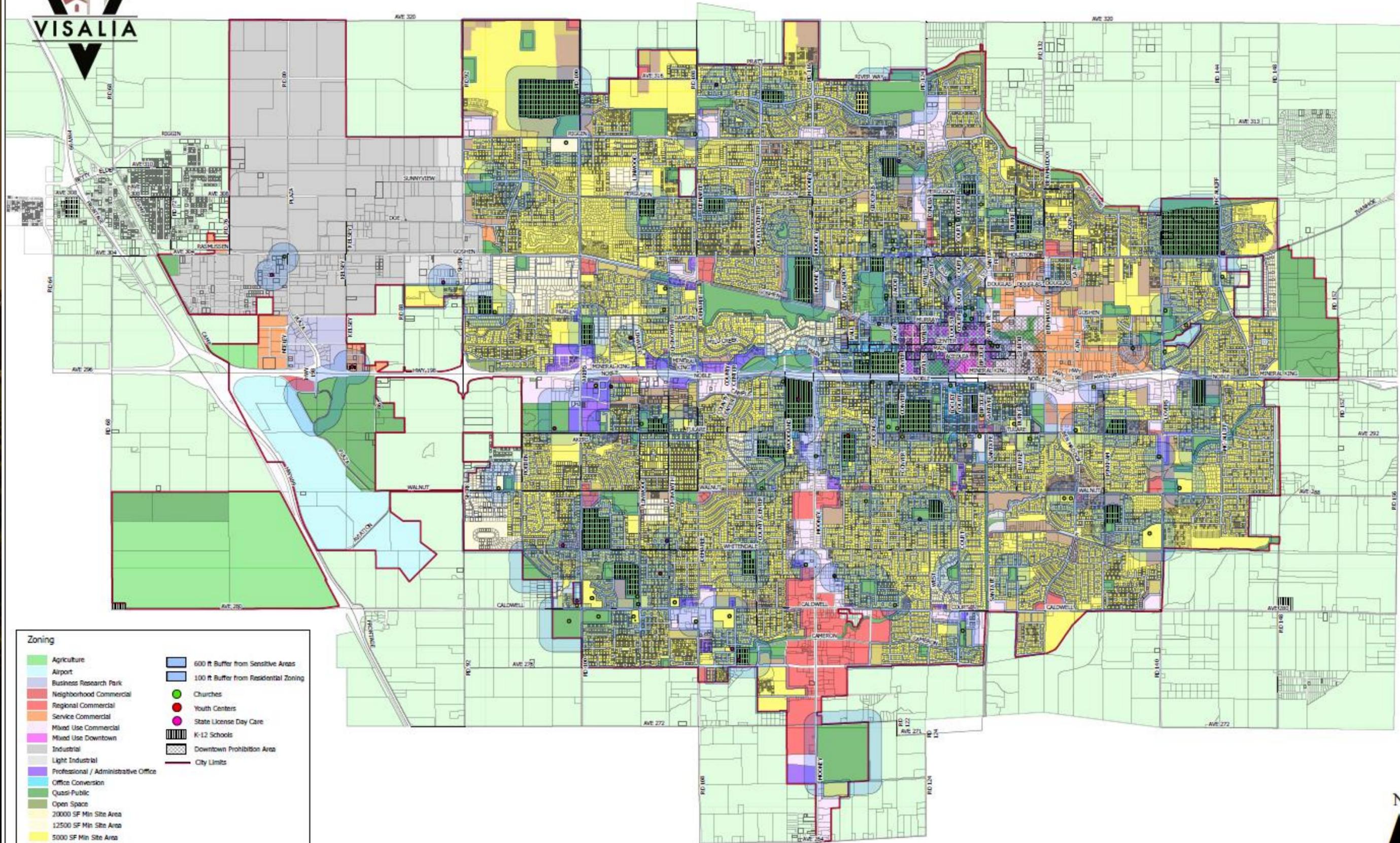
Cannabis Business Ordinance Ch. 4.04:

- Retail hour restrictions: 9AM - 9PM
- Annual license terms to expire June 30th to align with our regular business tax term.
- Application and selection process to be codified by separate resolution.
- City Manager is authorized to make all decisions concerning the issuance of renewal licenses.
- All appeals will be heard by an appointee designated by the City Manager.

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Sensitive uses and buffer sizes for retail storefront buffer:

- 600 foot buffer from existing:
 - Churches
 - Parks
 - Schools - K-12, public and private
 - State licensed day care facilities
 - Youth centers
- 100 foot buffer from all residential zoning



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Business Application and Selection Process Resolution:

- Commercial Cannabis Business Application
- Financial Responsibility, Indemnity and Consent to Inspection Agreement
- Agreement on Limitations of City's Liability (Indemnification)
- Property Owner Consent/Landlord Affidavit
- Proof Property Ownership or Lease Agreement
- Proof of insurability from an Insurance Company
- Zoning Verification Application and Letter
- Application fee
- Background Check(s)

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Business Application Evaluation and Review:

- Business Plan
- Location and Neighborhood Compatibility Plan
- Safety and Security Plan
- Community Benefits Plan
- Licensees will be expected to pay an annual minimum to the City of \$50,000 or 1% of annual gross receipts, whichever amount is greater.

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Community Benefits Examples Nearby:

- City of Tulare and Valley Pure: One-time payment of \$100,000 and annual payments of \$50,000, plus annual tax rate (10%).
- City of Tulare and Token Farms: 2% of its sales annually to a local nonprofit plus annual tax rate.
- City of Porterville and City Culture Cannabis Club and Haven: \$30,000 annually or 1% of annual gross receipts, whichever amount is greater.
- City of Lemoore and NHC Lemoore: Initial licensing fee of \$200,000 (unless skate park and splash pad required relocation, in which it was \$350,000), annual license fee of \$12,860, \$24,000 annually in charitable donations in the city, plus annual tax rate (5%).

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Lottery Selection vs. Merit based:

- Lottery process is recommended in an effort to reduce exposure and risk to potential litigation and to best streamline the lengthy appeals process common with unselected applicants.
- Staff is confident the application and selection process and cannabis business ordinance guidelines presented will result in quality operators being eligible for selection while also mitigating risk of lengthy appeal processing and litigation.

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Lottery Selection vs. Merit based:

- Selected applicants will have 12 months to acquire CUP and any necessary building permits and begin construction. Renewal licenses will not be provided to licensees who do not meet this timeframe.
- Selected applicants will have 24 months to acquire their Certificate of Occupancy or risk license revocation.
- Cannabis Business License cannot be transferred or otherwise sold within the first 5 years of the date of issuance.
- A transferee must obtain an amendment to the license from the City Manager and the process is essentially a new application.

Cannabis Business Ordinance Next Steps

- 1st reading of the Cannabis Business Ordinance at a future Council meeting.
- Will also include adopting a zoning text amendment following Planning Commission review.
- Adopt a resolution establishing application and selection process for both storefront and non-storefront retail.
- Adopt a resolution to set all applicable cannabis program fees.
- When Council wishes to allow cannabis business licenses to be eligible for issuance, or state mandates, pass separate resolution.
- Staff will require a consultant to assist with the application review and selection process when appropriate.

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Recommended Motion:

I move to authorize staff to amend the existing sole source contract with HdL to provide assistance with the preparation of a fee nexus study to determine all applicable fee amounts in the City's cannabis business program and appropriate \$12,000 from the General Fund for this contract amendment.

An aerial photograph of a city at sunset, with a semi-transparent grey rectangle overlaid in the center. The text "Additional input, Comments or Questions?" is written in a white, serif font across the rectangle. The background shows a city street with a prominent building featuring a clock tower and "FOX" signage, surrounded by other buildings and parking lots.

Additional input,
Comments or
Questions?