



STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: David Loya, Community Development Director

PREPARER: Mari Pepper, Program Assistant

DATE: April 15, 2026

TITLE: **Introduce Ordinance No. 1586, An Ordinance of the City Council of the City of Arcata Amending the Arcata Municipal Code Relating to Cannabis Consumption Lounge Permits, Standards, and Restrictions.**

RECOMMENDATION:

It is recommended that the Council introduce Ordinance No. 1586, An ordinance of the City Council of the City of Arcata Amending the Arcata Municipal Code Relating to Cannabis Consumption Lounge Permits, Standards, and Restrictions; waive reading of the text, and consent to read by title only.

INTRODUCTION:

The proposed ordinance amends provisions of Title V of the Arcata Municipal Code to clarify and codify the City’s authority to permit cannabis consumption lounges in accordance with State law. The ordinance updates definitions and exceptions related to the city’s existing smoking restrictions to authorize onsite cannabis consumption and ensure consistency with the Arcata Land Use Code and alignment with Division 10 of the California Business and Professions Code.

The amendments also clarify the City’s authority to permit temporary cannabis consumption activities (i.e. special events) when authorized in compliance with State licensing requirements and local approval processes.

DISCUSSION:

The city previously adopted ordinances allowing the commercial cultivation, manufacturing, distribution, and retail sale of recreational cannabis within certain zoning districts. These regulations established the City's initial regulatory framework for commercial cannabis activities. A prior ordinance updated the city’s Land Use Code, creating a pathway for cannabis consumption; however, updates to the Municipal Code were deferred in order to evaluate the level of local interest and potential demand for such uses. The City is now beginning to receive interest from local businesses, including one existing operator and one prospective applicant seeking authorization for onsite consumption. Additionally, the proposed amendments would allow for temporary onsite cannabis consumption at events such as Cannifest, consistent with State law.

Division 10 (Cannabis) of the California Business and Professions Code, Chapter 20 (Local Control), expressly authorizes local jurisdictions to permit the smoking, vaporizing, or ingesting of cannabis or cannabis products on the premises of a licensed retailer or microbusiness, provided the licensee has received authorization from the local jurisdiction. Several nearby jurisdictions allow cannabis consumption lounges, reflecting a growing trend among local governments to regulate on-site cannabis consumption through licensed and designated facilities.

The ordinance advances several City objectives, including:

- Enhancing public safety and livability by providing regulated, enclosed locations for cannabis consumption.
- Reducing conflicts and impacts associated with unregulated or public cannabis smoking.
- Supporting responsible economic development and small local cannabis businesses.
- Improving consistency and enforceability of City regulations.

The proposed ordinance relies on this statutory framework to clarify Arcata's local regulations and ensure that onsite cannabis consumption permitted in a controlled and locally authorized manner. However, this ordinance does not create new controls beyond existing use permits and does not update the Land Use Code. The draft guidelines (attachments C & D) are intended to provide further clarity to applicants. The guidelines may be amended periodically by the city council.

Ordinance No. 1586 establishes and clarifies standards by:

- Defining "Cannabis Consumption Lounge" consistently across Title V, Chapters 7 and 10 of the Municipal Code.
- Limiting cannabis consumption lounges to enclosed areas located in or attached to licensed retail or microbusiness cannabis establishments.
- Requiring that onsite cannabis consumption be expressly authorized by the city.
- Aligning local exceptions to smoking restrictions with State law allowances and the Arcata Land Use Code.

These standards are intended to provide clear guidance to applicants, enforcement staff, and the public regarding where and under what conditions onsite cannabis consumption may occur and are further intended to support local cannabis businesses in exploring ways to diversify and expand their operations.

The ordinance does not expand City services or require new staffing or infrastructure. It clarifies existing regulatory authority and definitions, which may improve administrative efficiency and enforcement consistency. Any cannabis consumption lounges temporary consumption license permitted under the ordinance would remain subject to applicable State licensing requirements and the City's local authorization process.

Ordinance No. 1586 clarifies and aligns the Arcata Municipal Code with the Arcata Land Use Code and State cannabis laws by defining and permitting cannabis consumption lounges only where expressly authorized by the city.

POLICY IMPLICATIONS:

This ordinance ensures consistency with the Arcata Land Use Code, which already provides a pathway for Cannabis Consumption Lounges.

COMMITTEE/COMMISSION REVIEW:

The policy of allowing consumption was previously reviewed by the Planning Commission when the City adopted its first cannabis regulations. This amendment removes a conflict between the Land Use Code and sections of the Arcata Municipal Code. No additional review is necessary.

ENVIRONMENTAL REVIEW (CEQA):

The proposed amendments clarify existing policy consistent with State law. The regulatory changes do not have the potential to cause a direct or indirect physical change to the environment. As such, the amendments are not a “project” as defined by California Environmental Quality Act (CEQA). Additionally, a Negative Declaration (State Clearinghouse Number 2016012039) was prepared and circulated prior to the adoption of Ordinance No. 1472, which first adopted Chapter 10 (Cannabis Use and Regulations) of the Arcata Municipal Code. The amendments set forth in Ordinance No. 1586 are consistent with that previously adopted Negative Declaration.

BUDGET/FISCAL IMPACT:

The permitting program is funded through permit fees.

RECOMMENDED COUNCIL ACTION:

1. Receive a staff report and review questions with staff.
2. Open the public hearing and receive public comment.
3. Close the hearing.
4. Motion to introduce Ordinance No. 1586 An Ordinance of the City Council of the City of Arcata Amending the Arcata Municipal Code Relating to Cannabis Consumption Lounge Permits, Standards, and Restrictions; waive reading the text, and consent to read by title only.

ATTACHMENTS:

- A. Ordinance No. 1586
- B. State of California, Business and Professions Code, Section 26200
- C. Cannabis Consumption Lounge Regulations
- D. Temporary Cannabis Consumption License Regulations