

ORDINANCE NO. 1226

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COACHELLA, CALIFORNIA, AMENDING CHAPTERS 5.68 AND 5.69 OF THE COACHELLA MUNICIPAL CODE TO UPDATE THE CITY'S CANNABIS BUSINESS REGULATORY PERMIT REGULATIONS AND MAKING FINDINGS UNDER CEQA.

WHEREAS, City of Coachella ("City") recognizes the need to update and clarify regulations pertaining to commercial and retail cannabis business operations to ensure compliance with state laws and to promote public safety, health, and welfare;

WHEREAS, the definitions and background check process for cannabis business within Chapters 5.68 and 5.69 of the Coachella Municipal Code require updating to reflect current practices and state regulatory standards to ensure clarity and consistency in the application of the City's cannabis laws;

WHEREAS, this Ordinance is consistent with the City's commitment to regulatory compliance and the promotion of a safe, legal cannabis market.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COACHELLA, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 1. INCORPORATION OF RECITALS. The City Council hereby finds that all of the foregoing recitals presented herewith are true and correct and are hereby incorporated and adopted as findings of the City Council.

SECTION 2. AMENDMENT TO MUNICIPAL CODE. Section 5.68.020 *Definitions* of Chapter 5.68 *Commercial Cannabis Regulatory Permit* of Title 5 *Business Licenses and Regulations* of the Coachella Municipal Code is amended to read as follows:

"5.68.020 - Definitions.

For the purposes of this chapter, the following definitions shall apply, unless the context clearly indicates otherwise. If a word is not explicitly defined in this chapter, the common and ordinary meaning of the word shall apply.

"Applicant" means an owner applying for a commercial cannabis regulatory permit under this chapter. An "applicant" includes all representatives, agents, parent entities, or subsidiary entities of the applicant.

"Business" means an entity, sole proprietorship, partnership, or corporation operating legally in the State of California, that sells, leases, distributes, creates, or otherwise offers products or services to customers.

“Cannabis” has the same definition as in Business and Professions Code Section 26001(f), as amended.

“Cannabis products” has the same definition as in Business and Professions Code Section 26001(k), as amended; however, when the term “cannabis” is used in this chapter, it shall include “cannabis products.”

“City” means the City of Coachella.

“City manager” means the city manager of the city of Coachella or designee. “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, and transportation of cannabis and cannabis products as provided in this chapter. Pursuant to this chapter, “commercial cannabis activity” includes a non-retail microbusiness.

“Commercial cannabis business” means a business that engages in one or more commercial cannabis activities.

“Commercial cannabis regulatory permit” or “regulatory permit” means a regulatory permit issued by the City pursuant to this chapter, to a commercial cannabis business and is required before any commercial cannabis activity may be conducted in the City. The initial permit and annual renewal of a permit is made expressly contingent upon the business’ ongoing compliance with all of the requirements of this chapter and any regulations adopted by the City governing the commercial cannabis activity at issue.

“Corporation” has the same definition as in California Corporations Code section 162, as amended.

“Cultivate” or “cultivation” means any commercial activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis. A cannabis nursery is considered a “cultivation” use.

“Customer” means a natural person twenty-one (21) years of age or older or a natural person eighteen (18) years of age or older who possesses a physician’s recommendation, or a primary caregiver.

“Delivery” means the commercial transfer of cannabis or cannabis products to a customer.

“Director” has the same definition as in California Corporations Code section 164, as amended.

“Distribution” means the procurement, wholesale sale, and transport of cannabis and cannabis products between entities permitted or licensed under this chapter, another local California jurisdiction, or state law.

“Edible cannabis product” has the same definition as in California Business and Professions Code section 26001(y), as amended. When the term “cannabis” is used in this chapter, it shall include “edible cannabis products.”

“Entity” means any form of business organization recognized under California law, including but not limited to a corporation, limited liability company, partnership, limited partnership, limited liability partnership, joint venture, association, trust, estate, or sole proprietorship, whether formed under the laws of this state or another jurisdiction. This term includes any structure that may hold an ownership interest in a commercial cannabis business.

“Indoor” means within a fully enclosed and secure building.

“Management” means for the process of directing, controlling, and overseeing the day-to-day operations of a commercial cannabis activity business, including making strategic decisions, managing personnel, setting policies, and allocating resources to ensure operational efficiency and compliance with legal and ethical standards.

“Manufacture” means to compound, blend, extract, infuse or otherwise make or prepare a cannabis product.

“Manufacturer” means a business that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its containers.

“Non-retail microbusiness” means a commercial business that engages in indoor cultivation of cannabis on an area less than ten thousand (10,000) square feet, Level 1 manufacturing, and distribution, provided such permittee can demonstrate compliance with all requirements imposed by this chapter and state law on licensed cultivators, distributors, Level 1 manufacturers, to the extent the business engages in such activities.

“Non-storefront retail microbusiness” means a commercial business that engages in non-storefront retail cannabis sales (delivery only) and at least two (2) of the following commercial cannabis activities: indoor cultivation of cannabis on an area less than ten thousand (10,000) square feet, Level 1 manufacturing, and distribution, provided such permittee can demonstrate compliance with all requirements imposed by this chapter and state law on licensed cultivators, distributors, Level 1 manufacturers, and retailers to the extent the business engages in such activities.

“Nursery” means a permittee that produces only clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis.

“Officer” means an individual appointed or elected to perform designated duties within a corporation, as specified by the corporation’s bylaws, the board of directors, or as required by law. This includes roles such as president, vice president, secretary, chief financial officer, and other positions that might be outlined in the corporations’ governance documents. Officers are chosen

by the board and serve at its discretion unless otherwise specified in the articles or bylaws of the corporation.

“Operation” means any act for which a permit is required under the provisions of this chapter, or any commercial transfer of cannabis or cannabis products.

“Owner” means any of the following:

- (1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a regulatory permit or a permittee, unless the interest is solely a security, lien, or encumbrance.
- (2) The chief executive officer of a nonprofit or other entity.
- (3) A member of the board of directors of a nonprofit.
- (4) An individual who will be participating in the direction, control, or management of the person applying for a regulatory permit.

“Ownership” means the possession of an equity interest or financial stake in an entity applying for or holding a commercial cannabis regulatory permit, including but not limited to shares of stock in a corporation, membership interests in a limited liability company, or partnership interests in a partnership, that confers rights to profits, capital, voting, or control. Ownership excludes security interests, liens, or encumbrances.

“Partner” means a person who has become a partner in a partnership.

“Partnership” has the same definition as in California Corporations Code section 16101(9), as amended.

“Permittee” means any person holding a regulatory permit that has been issued under this chapter. A “permittee” includes all representatives, agents, parent entities, or subsidiary entities of the permittee.

“Person” means an individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

“Premises” means the designated structures and land specified in the regulatory permit application that is owned, leased, or otherwise held under the control of the applicant or permittee where the commercial cannabis activity will be or is conducted. The premises must be a contiguous area and may only be occupied by one licensee.

“Retail cannabis business” means a business that sells and/or delivers cannabis or cannabis products to customers, and includes the following business types: non-storefront retail microbusiness, non-storefront retailer, storefront retailer, and storefront retail microbusiness.

“Retailer” or “storefront retailer” shall have the same definition as in California Business and Professions Code section 26001(ay), as amended.

“Shared-use facility” means a premises registered by a primary manufacturing permittee at

which multiple cannabis manufacturers may operate at separate times.

“Storefront retail microbusiness” means a commercial business that engages in retail cannabis sales and at least two of the following commercial cannabis activities: indoor cultivation of cannabis on an area less than ten thousand (10,000) square feet, Level 1 manufacturing, and distribution, provided such permittee can demonstrate compliance with all requirements imposed by this chapter and State law on licensed cultivators, distributors, Level 1 manufacturers, and retailers to the extent the permittee engages in such activities.

“Testing” means subjecting cannabis to laboratory testing for active compounds and purity prior to distribution for consumption.

Words and phrases not specifically defined in this code shall have the meaning ascribed to them as defined in the following sources:

- A. The Compassionate Use Act of 1996 (“CUA”);
- B. The Medical Marijuana Program (“MMP”); and
- C. The Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”).”

SECTION 3. AMENDMENT TO MUNICIPAL CODE. Subsection (C) of Section 5.68.040 Regulatory permit application of Chapter 5.68 *Commercial Cannabis Regulatory Permit* of Title 5 *Business Licenses and Regulations* of the Coachella Municipal Code is amended to read as follows:

“5.68.040 - Regulatory permit application.

An application for a regulatory permit shall include, but shall not be limited to, the following information:

...

- C. The name, address, telephone number, title, and function of each of owner of the commercial cannabis business.”

SECTION 4. AMENDMENT TO MUNICIPAL CODE. Section 5.68.050 *Background check* of Chapter 5.68 *Commercial Cannabis Regulatory Permit* of Title 5 *Business Licenses and Regulations* of the Coachella Municipal Code is amended to read as follows:

“5.68.050 - Background check.

- A. Any person who is an owner of a commercial cannabis business must be legally authorized to do so under applicable state law.
- B. Commercial cannabis business owners shall be required to:
 - 1. Submit to a criminal background check.
 - 2. Complete a criminal background check prior to issuance or transfer of a commercial cannabis regulatory permit.

- C. The City shall conduct criminal background checks which must, at a minimum, identify the following for each owner:
 - 1. Whether the owner has ever been convicted of a violent felony as defined by California Penal Code 667.5 or equivalent offense in other states;
 - 2. Whether the owner has ever been convicted of a serious felony, as defined by California Penal Code 1192.7 or equivalent offense in other states;
 - 3. Whether the owner has ever been convicted of a felony for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor;
 - 4. Whether the owner has ever been convicted of a felony for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8 of the Health and Safety Code; or
 - 5. Whether the owner has ever been convicted of a felony involving fraud, deceit, or embezzlement.
- D. Evidence of a conviction of any the offenses enumerated in Section 5.68.040(D) of this chapter shall be grounds for denial or revocation of a commercial cannabis regulatory permit, and/or disqualification from serving as an owner with a commercial cannabis business permittee in the City of Coachella

SECTION 5. AMENDMENT TO MUNICIPAL CODE. Section 5.68.070 *Regulatory permit denial* of Chapter 5.68 *Commercial Cannabis Regulatory Permit* of Title 5 *Business Licenses and Regulations* of the Coachella Municipal Code is amended to read as follows:

“5.68.070 - Regulatory permit denial.

The city manager may deny an application for a regulatory permit or renewal of a regulatory permit upon making any of the following findings:

- A. The applicant or the premises for which a regulatory permit is applied does not qualify for a permit under this chapter.
- B. The applicant or permittee fails to comply with the provisions of this chapter.
- C. The applicant or permittee has failed to provide information required by the city manager.
- D. The applicant or permittee has been convicted of an offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, except that if the city manager determines that the applicant or permittee is otherwise suitable to be issued a license and granting the license would not compromise public safety, the city manager shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the applicant, and shall evaluate the suitability of the applicant or permittee to be issued a permit based on the evidence found through the review. In determining which offenses are substantially related to the qualifications, functions, or duties of the business or profession for which the application is made,

the city manager shall include, but not be limited to, the following:

1. A violent felony, as defined by California Penal Code section 667.5 or equivalent offense in other states.
 2. A serious felony, as defined by California Penal Code section 1192.7 or equivalent offense in other states.
 3. A felony for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 4. A felony for drug trafficking with enhancements pursuant to California Health and Safety Code sections 11370.4 or 11379.8.
 5. A felony involving fraud, deceit, or embezzlement.
- E. The applicant or permittee has been sanctioned by a State licensing authority or a city, county, or city and county for unlicensed commercial cannabis activities or unlicensed retail cannabis business or has had a State license revoked in the three years immediately preceding the date the application is filed with the city manager.
- F. The applicant or permittee is not properly organized or operating in strict compliance pursuant to the Compassionate Use Act of 1996, the Medical Marijuana Program Act, the Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”), and any other applicable law, rules and regulations.”

SECTION 6. REPEAL OF MUNICIPAL CODE SECTION. Section 5.68.150 *Interested parties* of Chapter 5.68 *Commercial Cannabis Regulatory Permit* of Title 5 *Business Licenses and Regulations* of the Coachella Municipal Code is repealed as follows:

“5.68.150 – Reserved.”

SECTION 7. AMENDMENT TO MUNICIPAL CODE. Section 5.69.010 *Definitions* of Chapter 5.69 *Retail Cannabis Regulatory Permit* of Title 5 *Business Licenses and Regulations* of the Coachella Municipal Code is amended to read as follows:

“5.69.010 - Definitions.

For the purposes of this chapter, the following definitions shall apply.

“Applicant” means an owner applying for a retail cannabis regulatory permit under this chapter.

“Business” means an entity, sole proprietorship, partnership, or corporation operating legally in the State of California, that sells, leases, distributes, creates, or otherwise offers products or services to customers.

“Cannabis” has the same definition as in Business and Professions Code Section 26001(f), as amended.

“Cannabis products” has the same definition as in Business and Professions Code Section 26001(k), as amended; however, when the term “cannabis” is used in this chapter, it shall include

“cannabis products.”

“City” means City of Coachella.

“City manager” means the city manager of the city of Coachella or designee.

“Corporation” has the same definition as in California Corporations Code section 162, as amended.

“Customer” means a natural person twenty-one (21) years of age or older or a natural person eighteen (18) years of age or older who possesses a physician’s recommendation, or a primary caregiver.

“Delivery” means the commercial transfer of cannabis or cannabis products to a customer. “Delivery” also includes the use by a retailer of any technology platform.

“Director” has the same definition as in California Corporations Code section 164, as amended.

“Entity” means any form of business organization recognized under California law, including but not limited to a corporation, limited liability company, partnership, limited partnership, limited liability partnership, joint venture, association, trust, estate, or sole proprietorship, whether formed under the laws of this state or another jurisdiction. This term includes any structure that may hold an ownership interest in a retail cannabis business.

“Management” means for the process of directing, controlling, and overseeing the day-to-day operations of a retail cannabis activity business, including making strategic decisions, managing personnel, setting policies, and allocating resources to ensure operational efficiency and compliance with legal and ethical standards.

“Non-storefront retailer” means a cannabis retailer that provides cannabis exclusively through delivery.

“Non-storefront retail microbusiness” means a commercial business that engages in non-storefront retail cannabis sales and at least two of the following commercial cannabis activities: indoor cultivation of cannabis on an area less than ten thousand (10,000) square feet, Level 1 manufacturing, and distribution, provided such permittee can demonstrate compliance with all requirements imposed by this chapter and State law on licensed cultivators, distributors, Level 1 manufacturers, and retailers to the extent the permittee engages in such activities.

“Officer” means an individual appointed or elected to perform designated duties within a corporation, as specified by the corporation’s bylaws, the board of directors, or as required by law. This includes roles such as president, vice president, secretary, chief financial officer, and other positions that might be outlined in the corporations’ governance documents. Officers are chosen by the board and serve at its discretion unless otherwise specified in the articles or bylaws of the corporation.

“Owner” means any of the following:

- (1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a regulatory permit or a permittee, unless the interest is solely a security, lien, or encumbrance.
- (2) The chief executive officer of a nonprofit or other entity.
- (3) A member of the board of directors of a nonprofit.
- (4) An individual who will be participating in the direction, control, or management of the person applying for a regulatory permit. “Partnership” has the same definition as in California Corporations Code section 16101(9), as amended.

“Ownership” means the possession of an equity interest or financial stake in an entity applying for or holding a retail cannabis regulatory permit, including but not limited to shares of stock in a corporation, membership interests in a limited liability company, or partnership interests in a partnership, that confers rights to profits, capital, voting, or control. Ownership excludes security interests, liens, or encumbrances.

“Permittee” means any person holding a valid retail cannabis regulatory permit under this chapter.

“Person” includes any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

“Premises” means the designated structure or structures and land specified in the regulatory permit application that is owned, leased, or otherwise held under the control of the applicant or permittee where the retailer or retail microbusiness will be or is conducted. These premises shall be a contiguous area and shall only be occupied by one permittee.

“Purchaser” means the customer who is engaged in a transaction with a permittee for the purposes of obtaining cannabis or cannabis products.

“Retail cannabis business” means a business that sells or sells and delivers cannabis or cannabis products to customers, and includes the following business types: non-storefront retail microbusiness, non-storefront retailer, storefront retailer, and storefront retail microbusiness.

“Retail cannabis regulatory permit” means a regulatory permit issued by the City pursuant to this chapter, to a retail cannabis business and is required before any retail cannabis business may operate in the City. The initial permit and annual renewal of a permit is made expressly contingent upon the business’ ongoing compliance with all of the requirements of this chapter and any regulations adopted by the City governing the retail cannabis business.

“Sell,” “sale,” and “to sell” include any transaction, whereby, for any consideration title to cannabis or cannabis products is transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a permittee to the permittee from who the cannabis or cannabis product was purchased.

“State license” means a license issued by the state of California, as listed in California Business and Professions Code Section 26050.

“Storefront retailer” means a business that has a storefront open to the public where cannabis or cannabis products are offered for retail sale to consumers, where delivery may or may not be included as part of the business's operation.

“Storefront retail microbusiness” means a commercial business that engages in retail cannabis sales and at least two of the following commercial cannabis activities: indoor cultivation of cannabis on an area less than ten thousand (10,000) square feet, Level 1 manufacturing, and distribution, provided such permittee can demonstrate compliance with all requirements imposed by this chapter and state law on licensed cultivators, distributors, Level 1 manufacturers, and retailers to the extent the permittee engages in such activities.”

SECTION 8. AMENDMENT TO MUNICIPAL CODE. Subsection (C) of Section 5.69.030 *Regulatory permit application* of Chapter 5.69 *Retail Cannabis Regulatory Permit* of Title 5 *Business Licenses and Regulations* of the Coachella Municipal Code is amended to read as follows:

“5.69.030 - Regulatory permit application.

An application for a regulatory permit shall include, but shall not be limited to, the following information:

...

C. The name, address, telephone number, title, and function of each of the owners of the retail cannabis business.”

SECTION 9. AMENDMENT TO MUNICIPAL CODE. Section 5.69.040 *Background check* of Chapter 5.69 *Retail Cannabis Regulatory Permit* of Title 5 *Business Licenses and Regulations* of the Coachella Municipal Code is amended to read as follows:

“5.69.040 - Background check.

- A. Any person who is an owner of a retail cannabis business must be legally authorized to do so under applicable state law.
- B. Retail cannabis business owners shall be required to:
 - 1. Submit to a criminal background check.
 - 2. Complete a criminal background check prior to issuance or transfer of a retail cannabis regulatory permit.
- C. The City shall conduct criminal background checks which must, at a minimum,

identify the following for each owner:

1. Whether the owner has ever been convicted of a violent felony as defined by California Penal Code 667.5 or equivalent offense in other states;
 2. Whether the owner has ever been convicted of a serious felony, as defined by California Penal Code 1192.7 or equivalent offense in other states;
 3. Whether the owner has ever been convicted of a felony for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor;
 4. Whether the owner has ever been convicted of a felony for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8 of the Health and Safety Code; or
 5. Whether the owner has ever been convicted of a felony involving fraud, deceit, or embezzlement.
- D. Evidence of a conviction of any the offenses enumerated in Section 5.69.040(D) of this chapter shall be grounds for denial or revocation of a retail cannabis regulatory permit, and/or disqualification from serving as an owner with a retail cannabis business permittee in the City of Coachella.

SECTION 10. AMENDMENT TO MUNICIPAL CODE. Section 5.69.060 *Regulatory permit denial* of Chapter 5.69 *Retail Cannabis Regulatory Permit* of Title 5 *Business Licenses and Regulations* of the Coachella Municipal Code is amended to read as follows:

“5.69.060 - Regulatory permit denial.

The city manager may deny an application for a regulatory permit or renewal of a regulatory permit upon making any of the following findings:

- A. The applicant or the premises for which a regulatory permit is applied does not qualify for a permit under this chapter.
- B. The applicant or permittee fails to comply with the provisions of this chapter.
- C. The applicant or permittee has failed to provide information required by the city manager.
- D. The applicant or permittee has been convicted of an offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, except that if the city manager determines that the applicant or permittee is otherwise suitable to be issued a license and granting the license would not compromise public safety, the city manager shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the applicant, and shall evaluate the suitability of the applicant or permittee to be issued a permit based on the evidence found through the review. In determining which offenses are substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, the city manager shall include, but not be limited to, the following:
 1. A violent felony, as defined by California Penal Code section 667.5 or

- equivalent offense in other states.
2. A serious felony, as defined by California Penal Code section 1192.7 or equivalent offense in other states.
 3. A felony for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 4. A felony for drug trafficking with enhancements pursuant to California Health and Safety Code sections 11370.4 or 11379.8.
 5. A felony involving fraud, deceit, or embezzlement.
- E. The applicant or permittee has been sanctioned by a State licensing authority or a city, county, or city and county for unlicensed commercial cannabis activities or unlicensed storefront retailer business or has had a State license revoked in the three years immediately preceding the date the application is filed with the city manager.
- F. The applicant or permittee is not properly organized or operating in strict compliance pursuant to the Compassionate Use Act of 1996, the Medical Marijuana Program Act, the Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”), and any other applicable law, rules and regulations.”

SECTION 11. REPEAL OF MUNICIPAL CODE SECTION. Section 5.69.150 *Interested parties* of Chapter 5.69 *Retail Cannabis Regulatory Permit* of Title 5 *Business Licenses and Regulations* of the Coachella Municipal Code is repealed to read as follows:

“5.69.150 – Reserved.”

SECTION 12. CEQA DETERMINATION. The City Council finds that this Ordinance is not subject to the California Environmental Quality Act (“Public Resources Code section 21000 *et seq.*”) (“CEQA”) because it does not qualify as a “project” under CEQA. The State CEQA Guidelines provide that “[a]n activity is not subject to CEQA if ... the activity is not a project as defined in Section 15378.” (State CEQA Guidelines, § 15060(c).) Here, the Ordinance does not qualify as a “project” as defined in State CEQA Guidelines section 15378 for at least two reasons:

First, Section 15378 defines a project as an activity that “has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.” (State CEQA Guidelines, § 15378(a).) The proposed Ordinance adds commercial cannabis and retail cannabis regulatory permit definitions and updates to provisions regarding background checks and regulatory permit denials. These amendments merely clarify terminology and establish regulatory consistency with state law. Therefore, the proposed amendments are not a “project” subject to CEQA. (State CEQA Guidelines, § 15060(c).)

Second, Section 15378 explicitly excludes from the definition of “project” “[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.” (State CEQA Guidelines, § 15378(b)(5).) This Ordinance is organizational in nature, as it simply updates definitions and standards to clarify the City’s cannabis regulatory permit procedures. These activities are administrative in nature and do not

have any direct or indirect physical environmental impacts. Accordingly, they are not subject to CEQA.

Even if the proposed Ordinance was considered a “project” subject to CEQA, it would qualify for the “common sense exemption” set forth in State CEQA Guidelines section 15061(b)(3). This exemption applies where “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” Here, the Ordinance does not authorize or directly result in any physical development or changes to the environment. Instead, it serves to define terms and establish standards for cannabis business background checks and permitting, ensuring future compliance with applicable regulations. As a result, it can be seen with certainty that the Ordinance will not have a significant environmental effect.

SECTION 13. SEVERABILITY. If any section, subsection, subdivision, sentence, or clause or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional, invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases are declared unconstitutional, invalid, or ineffective.

SECTION 14. EFFECTIVE DATE. This Ordinance shall become effective thirty (30) days from its adoption.

SECTION 15. PUBLICATION. The City Clerk shall certify to the adoption of this Ordinance and cause it, or a summary of it, to be published in a newspaper of general circulation printed and published within the City of Coachella, pursuant to all legal requirements.

PASSED, APPROVED AND ADOPTED this 22nd day of October, 2025.

Steven A. Hernandez
Mayor

ATTEST:

Angela M. Zepeda
City Clerk

APPROVED AS TO FORM:

BEST, BEST & KRIEGER

City Attorney

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF COACHELLA)

I HEREBY CERTIFY that the foregoing Ordinance No. 1226 was duly and regularly introduced at a meeting of the City Council on this 22nd day of October 2025 by the following vote of Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

Delia Granados
Deputy City Clerk