



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Elizabeth Gibbs, City Manager

PREPARED BY: Matthew Bassi, Interim Community Development Director

MEETING DATE: August 25, 2026

SUBJECT: Urgency Ordinance No. 1625 - Establishing a Moratorium on Cannabis Cultivation Warehouses, Manufacturing and Testing

STAFF RECOMMENDATION:

Staff recommends the City Council adopt ORDINANCE NO. 1625 an Interim Urgency Ordinance of the City Council of the City of Banning, California, adopting and imposing a temporary moratorium on the submittal and approval of licenses, permits, approvals, or other entitlements for use, including any modification thereof for marijuana cultivation, marijuana cultivation activities, cultivation facilities, manufacturing facilities, testing laboratory facilities, distribution facilities or cannabis microbusiness

BACKGROUND:

The City's current cannabis regulations for industrial properties (which include indoor cultivation, manufacturing, testing laboratory, distribution facility and micro business) was adopted by Council on July 10, 2018 via Ordinance No. 1523. The cannabis regulations for commercial properties (which only include cannabis storefront retailers) was adopted by Council a few months later on November 13, 2018 via Ordinance No. 1531. All cannabis uses require approval of a Conditional Use Permit by the Planning Commission and City Council as outlined in Chapter 17.12, Table 17.12.020 of the BMC. Each retail or industrial cannabis business is also required to obtain a State Cannabis License approved and issued by the State Licensing Authority before they can begin operations in the City.

[Note: Cannabis retailers are not affected by the moratorium]

There are currently three (3) cannabis retailers operating storefront businesses in the City. As Council knows, the Zoning Code limits the amount of retail cannabis businesses to one (1) business per 10,000 population. All three cannabis retailers are located on Ramsey Street in the commercial zoning district, and each has received approval of a Conditional Use Permit. In addition, there are four (4) cannabis cultivation businesses (i.e., "indoor grows") and one (1) industrial cannabis manufacturer located in the industrial zones. Each business has an active Conditional Use Permit approved by the City Council between December 2020 and September 2025, but only two (2) businesses are currently operating. Staff has prepared a summary memo outlining the business names and locations of each business (refer to Attach 4 for details).

The idea of establishing a city-wide moratorium on cannabis cultivation warehouses was brought forward by Councilmember Barrington at the December 9, 2025 meeting. Council member Barrington asked that a future agenda item be brought forward for Council discussion regarding a possible cannabis moratorium. At the City Council meeting of July 14, 2026, Staff prepared a briefing report for Council

consideration that outlined two (2) options Council could take in regards to a city-wide cannabis moratorium (refer to Attachment 2 for report packet). After discussing these options, Council unanimously voted to direct Staff to prepare an urgency ordinance for adoption establishing a city-wide moratorium on cannabis cultivation warehouses. Thus, this urgency ordinance covers manufacturing and testing, distribution and microbusinesses – but not retail cannabis operations.

JUSTIFICATION:

Analysis:

California Government Code section 65858 provides statutory authority for interim ordinances prohibiting uses that may conflict with a contemplated general plan, specific plan or zoning proposal that the city is studying or plans to study. An interim ordinance, commonly called a moratorium, imposes temporary land use controls based on a documented, current and immediate threat to public health, safety, and welfare. An interim ordinance protects and promotes the planning process by prohibiting the introduction of potentially nonconforming land uses that could defeat or impair a later adopted general plan or zoning ordinance. Procedurally, such an ordinance may be adopted initially without a public hearing following a 4/5 vote of the legislative body (staff's recommendation). The initial moratorium lasts for 45 days. After notice and a public hearing, the ordinance may be extended, again with a 4/5 vote, for an additional 10 months and 15 days. No more than two extensions may be adopted. The City Council cannot adopt or extend any interim ordinance unless the ordinance contains a finding that there is a current and immediate threat to the public health, safety or welfare, and that the approval of applicable land use entitlements would result in that threat to public health, safety or welfare. Ten (10) days prior to the expiration of such an ordinance or any extension, a written report is to be issued describing the measures taken to alleviate the condition that led to the adoption of the ordinance.

Urgency Ordinance No. 1625 (Attachment 1) requested by Council establishes the immediate 45-day moratorium on the submittal and approval of licenses, permits, or other entitlements for use, including any modification thereof for marijuana cultivation, marijuana cultivation activities, cultivation facilities, manufacturing facilities, testing laboratory facilities, distribution facilities or cannabis microbusinesses. However, it does not prohibit applications for cannabis retail operations. The primary purpose of the moratorium is twofold: 1) it stops new cannabis CUP's from being submitted; and 2) it allows time for the City to decide how best to address the cannabis issue and move forward with a future code amendment to better regulate cannabis businesses in the City.

As it is unlikely that Staff can prepare a municipal code amendment in the next 45-days, state law allows the City Council the ability to extend the moratorium for additional 10 months and 15 days by adopting a 2nd ordinance within the first 45-days. It is Staff's intent to bring a 2nd Ordinance to Council for adoption at the September 22, 2026 Council meeting. Adoption of both ordinances will create a 1-year long moratorium for Staff to prepare a permanent code amendment to address the cannabis issues outlined in the urgency ordinance. The permanent code amendment will need Planning Commission review with a recommendation to the City Council.

The urgency ordinance is written to prohibit new cannabis licenses and conditional use permit applications for all cannabis business types while the moratorium is in effect together with the issuance of new building permits that would permit the build-out and development of an approved cannabis license and conditional use permit where no building permit had been previously issued. The urgency ordinance excludes retail cannabis businesses, the renewal or transfer of existing cannabis licenses, except where the transfer is to a new location without an approved conditional use permit or where the transfer proposes an amendment or modification to an approved conditional use permit, such as for an expansion or a change in use. It also excludes the issuance of building permits to existing cannabis businesses with an approved cannabis license and conditional use permit where the building permit does not involve the build-out or expansion of the use but rather pertains to the ordinary use and maintenance of the business.

CEQA Determination:

The City Council finds that this Ordinance is not subject to the California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) in that (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15061(b)(3) (there is no possibility the adoption of this Ordinance will have a significant effect on the environment) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; rather it prevents changes in the environment pending the completion of the contemplated Municipal Code review.

Summary:

The attached urgency ordinance provides what the Council directed Staff to bring forward, and as noted, adoption of Ordinance No. 1625 will go into effect immediately.

FISCAL IMPACT:

None.

ATTACHMENTS:

1. [Attach 1 - Urgency Ordinance 1625-Final.docx](#)
2. [Attach 2 - Cannabis Briefing CC Rept \[7-14-26\].pdf](#)