



**STAFF REPORT
HOLLISTER CITY COUNCIL
MEETING DATE: May 19, 2025
REPORT # Community Development-2025-26**

AGENDA ITEM: DISCUSSION REGARDING A REGULATORY PERMIT FOR MONTEREY BAY ALTERNATIVE MEDICINE HOLLISTER INC. AT A NEW LOCATION OF 1785 SAN FELIPE ROAD

DEPARTMENT: Community Development
DEPARTMENT HEAD: Rod Powell, Assistant City Manager
STAFF CONTACT: Maria Mendez, Cannabis Affairs Manager

RECOMMENDED ACTION: Review the request for renewal and direct staff to return at a later meeting to either approve or deny, the Cannabis Regulatory Permit for Monterey Bay Alternative Medicine Hollister, Inc. at a proposed new location, 1785 San Felipe Road.

DISCUSSION:

Monterey Bay Alternative Medicine Hollister, Inc. (MBAM) currently holds one of only two cannabis dispensary permits authorized by the City of Hollister, making it one of just two dispensaries legally permitted to operate within the City of Hollister.

On June 4, 2018, following a competitive process in which the City received eight (8) applications, MBAM was awarded one (1) of only two (2) cannabis dispensary permits in the City of Hollister to allow for operations at 773 San Felipe Road. In its original business plan, MBAM proposed rehabilitating an existing on-site building, but subsequently altered its plan and demolished the structure with the intent to construct a new facility. To date and over the course of several annual permit renewals, this intent remains unrealized as MBAM has yet to operationalize a revenue generating dispensary facility at its current location. Presently, 773 San Felipe Road appears to be a completely vacant site and is currently posted for sale.

Regarding its current location at 773 San Felipe Road and accordance with the modified demolition and construction plan, MBAM sought and gained approval of the required Site and Architectural Review from the Hollister Planning Commission on April 11, 2019. Following this approval, MBAM applied for a building permit in 2020, but failed to follow through in obtaining the issuance of required building permits for the project. As a result of this inaction, all previously approved entitlements have expired. To date and despite the prior approvals and six (6) prior permit renewals, MBAM has shown little progress in becoming an operational, revenue generating cannabis dispensary.

MBAM's current Cannabis Regulatory Permit will expire on June 4, 2025. As in past, years, MBAM is again seeking approval from the Council for renewal of its permit application for the 2025/2026 period, but is also seeking to incorporate approval of a change of location within its application to allow for a move to a new, yet-to-be-improved site at 1785 San Felipe Road.

Staff Analysis and Finding:

According to Section 5.42.110 of the Hollister Municipal Code, any change in location of a cannabis facility from that which is specified in an approved Cannabis Regulatory Permit requires the permit holder to submit a new application. Relocation is viewed as a significant operational change from the conditions considered under a previously approved permit which requires staff review and City Council consideration.

In considering the proposed renewal and location change, the City's ordinance requires the City Council to make specified findings when denying a Cannabis Regulatory Permit application. Per prior direction from Council, staff have consulted with various City Departments and Divisions regarding both MBAM's current permit and its new application and location change. The following potential findings have been identified for Council consideration:

- MBAM has possessed its current Cannabis Regulatory Permit since the inception of the City's Cannabis Program in 2018. Although it has diligently obtained annual renewals of the permit and has achieved prior, necessary Planning Commission approval for an entitled project at its current location, it has yet to become an operational, revenue generating dispensary. In this regard, MBAM's continued non-operation has resulted in the City receiving no cannabis sales tax revenue for several years.
- The City's Cannabis Ordinance currently allows for the issuance of only two (2) dispensary Cannabis Regulatory Permits and regularly receives inquiries from other parties interested in operating a dispensary within the City.
- MBAM no longer holds any active entitlements at its current location of 773 San Felipe Road. The site is currently vacant and has no structures which could potentially host the operations of a cannabis dispensary.
- MBAM's proposed new location, 1785 San Felipe Road, currently serves as the location for two other cannabis regulatory permits held by another permittee for cultivation and manufacturing. The site remains unimproved and currently has multiple code violations related to unpermitted construction in violation of the following:
 - Section 105.1 of the California Building Code (CBC), which requires a valid permit for any construction, alteration, or repair work;
 - Section 8.32.060 of the Hollister Municipal Code, which prohibits unpermitted or non-code-compliant activity; and
 - Section 5.42.070(a)(4) of the Hollister Municipal Code, which states that a cannabis facility or its proposed location shall not be in violation of any building code.

Approval Considerations / Conditions of Approval:

Should the Council move to approve MBAM's permit application at the new location, staff are requesting that the Council consider the incorporation of conditions of approval. Recommended conditions of approval include, but are not limited to, the following:

- Public retail operations of the permitted dispensary shall commence at the new location within one (1) year of the date of Council approval of the Cannabis Regulatory Permit renewal.
- All existing code violations at the new location of 1785 San Felipe Road shall be

brought into compliance with provisions of both the City of Hollister Municipal Code and California Building Code no later than December 4, 2025.

- Approval of the Cannabis Regulatory Permit shall be revocable for cause in accordance with Section 5.42.120 of the Hollister Municipal Code.
- Any applicable land use and/or construction-related activities or tenant improvements associated with the new location property shall adhere to the applicable requirements set forth in both the City of Hollister Municipal Code and California Building Code.
- All fees and taxes associated with operations of the permitted dispensary shall be paid in full and on time as prescribed by the City of Hollister and the State of California.

In consideration of the above information and anticipated discussion, it is staff's intent to first seek Council direction to approve or deny MBAM's application based upon findings and return with a corresponding final resolution for consent consideration at the June 2, 2025, regular meeting.

FISCAL IMPACT: This item has no cost impacts to the City's General Fund as expenses associated with the processing of a Cannabis Regulatory Permit application are recovered through applicable application fees as stipulated in the City Hollister User Fee Schedule. MBAM has yet to commence dispensary operations within its lengthy tenure as a permit holder which has resulted in the City having received no associated cannabis sales tax revenue.

PREVIOUS COUNCIL OR COMMISSION ACTION: The City Council last considered and renewed MBAM's Cannabis Regulatory Permit on May 6, 2024.

CEQA: Categorical Exemption – Existing Facilities (Class 1)

The project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301, Class 1 – Existing Facilities. The project involves the renewal of a regulatory permit for an existing business relocating to a previously developed commercial site with no expansion of use or significant alterations. The proposed activity does not involve any expansion of the existing or former use and will not result in any significant environmental impacts.

ATTACHMENTS:

1. Regulatory Permit Application
2. Photo 1 – 773 San Felipe Road
3. Photo 2 – 1785 San Felipe Road
4. Photo 3 – 1785 San Felipe Road