



**CITY OF NOVATO**  
CALIFORNIA

**CANNABIS STOREFRONT RETAIL**  
**CITY COUNCIL**

**April 14, 2026**

Clare Hartman, Community Development Director

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# PRESENTATION OVERVIEW



- Background
- Work Plan
- Engagement Strategy
- Community Survey
- Market Study
- Next Steps

## BACKGROUND

- November 14, 2024 – EDAC study session (Economic Development Advisory Commission)
- January 23, 2025 – EDAC study session
- February 11, 2025 – City Council study session
- April 3, 2025 – EDAC study session
- December 2025 – Market Study conducted
- February 2026 – Community Survey conducted
- April 2, 2026 – EDAC study session
- **April 14, 2026 – City Council study session**



# CITY COUNCIL – STUDY SESSION – FEB 11, 2025

## **Does Novato want to consider storefront retail? YES**

- 1) **How to process?** Continue using the License process; but amend to streamline the timeline
- 2) **Where to allow?** Commercial Zoning Districts (including “adjacent to Downtown”), Distance to sensitive sites consistent with current state and local requirements
- 3) **How many to allow?** Cap up to 3 (city-wide), Consider overconcentration limits
- 4) **What site and/or operational standards to apply?** Continue with current standards; but amend to streamline process and clarify standards; Update processing fees
- 5) **Allow for events, on-site consumption, and/or an on-site café?** Seek public input
- 6) **Collect a supplemental cannabis tax or benefit fee?** Yes, continue with Community Benefit Agreements with public benefit fees of 3% to 6% for storefront retail
- 7) **What other information is needed to inform these decisions?**

**Conduct a market analysis; Conduct a community survey**



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# WORK PLAN – JANUARY 2026 TO OCTOBER 2026

## Conduct Initial Research

- Conduct Market Study & Community Survey
- Review current state and local policy context
- Activate partnerships with Public Health & Safety representatives

## Prepare Draft Cannabis Retail Amendments

- Cannabis Business Licensing Ordinance
- Cannabis Business Zoning Ordinance Amendments
- Cannabis Process Guidelines & Fees Update

## Community Engagement

- Conduct Open Workshops on Draft Policy
- Conduct Focus Group Workshops with: Cannabis Industry, Health/Youth, Business/Downtown

## Public Meetings & Hearings

- EDAC - Study Session
- Planning Commission – Zoning Amendments & Public Hearing
- City Council - Process, Fees, Zoning and Licensing & Public Hearing



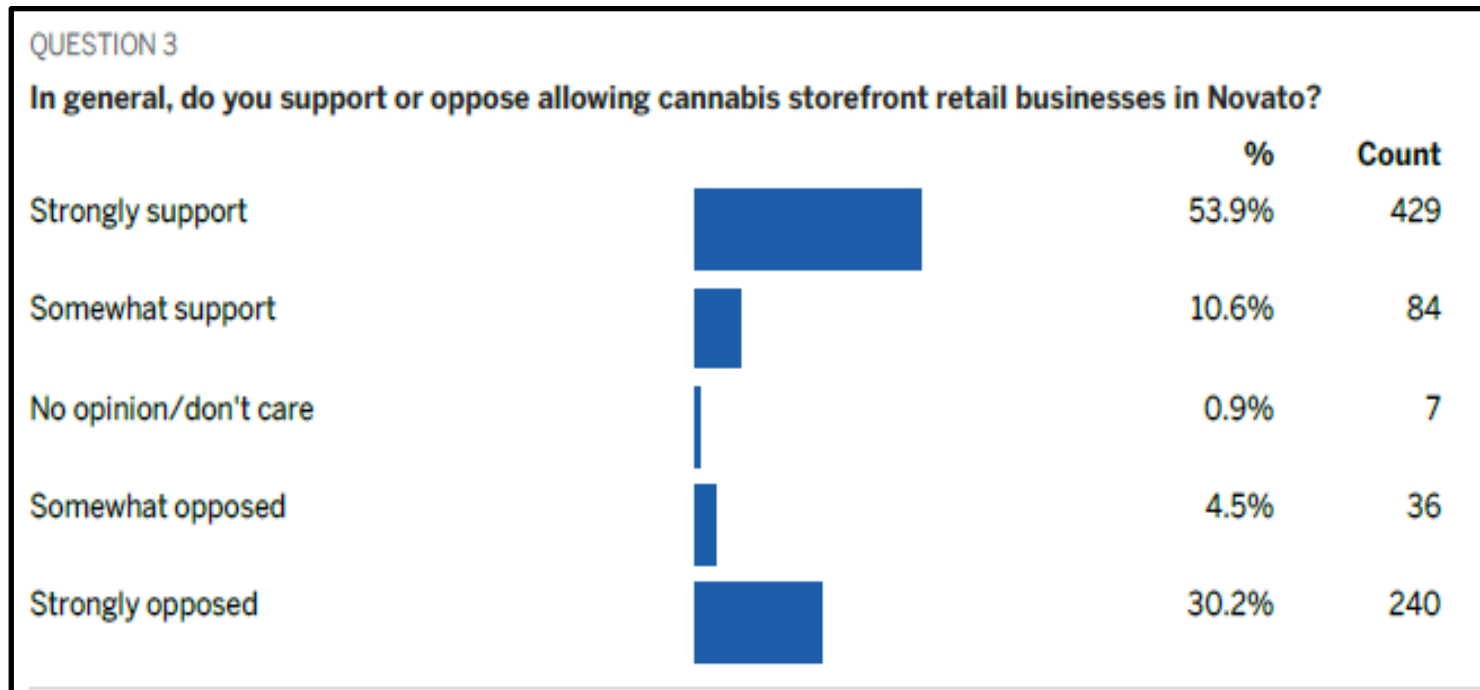
# COMMUNITY ENGAGEMENT

## ***Who to reach out to?***

- Novato Residents & Businesses
- City Newsletter/Social Media/Marin IJ
- Novato cannabis business operators
- Cannabis industry representatives
- Youth and School representatives
- Public health & safety partners
- Downtown Novato Business Association
- Novato Chamber of Commerce
- Novato Union School District
- Community Action Marin
- North Marin Community Services
- Gilead House

# COMMUNITY SURVEY – NOVATO IS IN SUPPORT

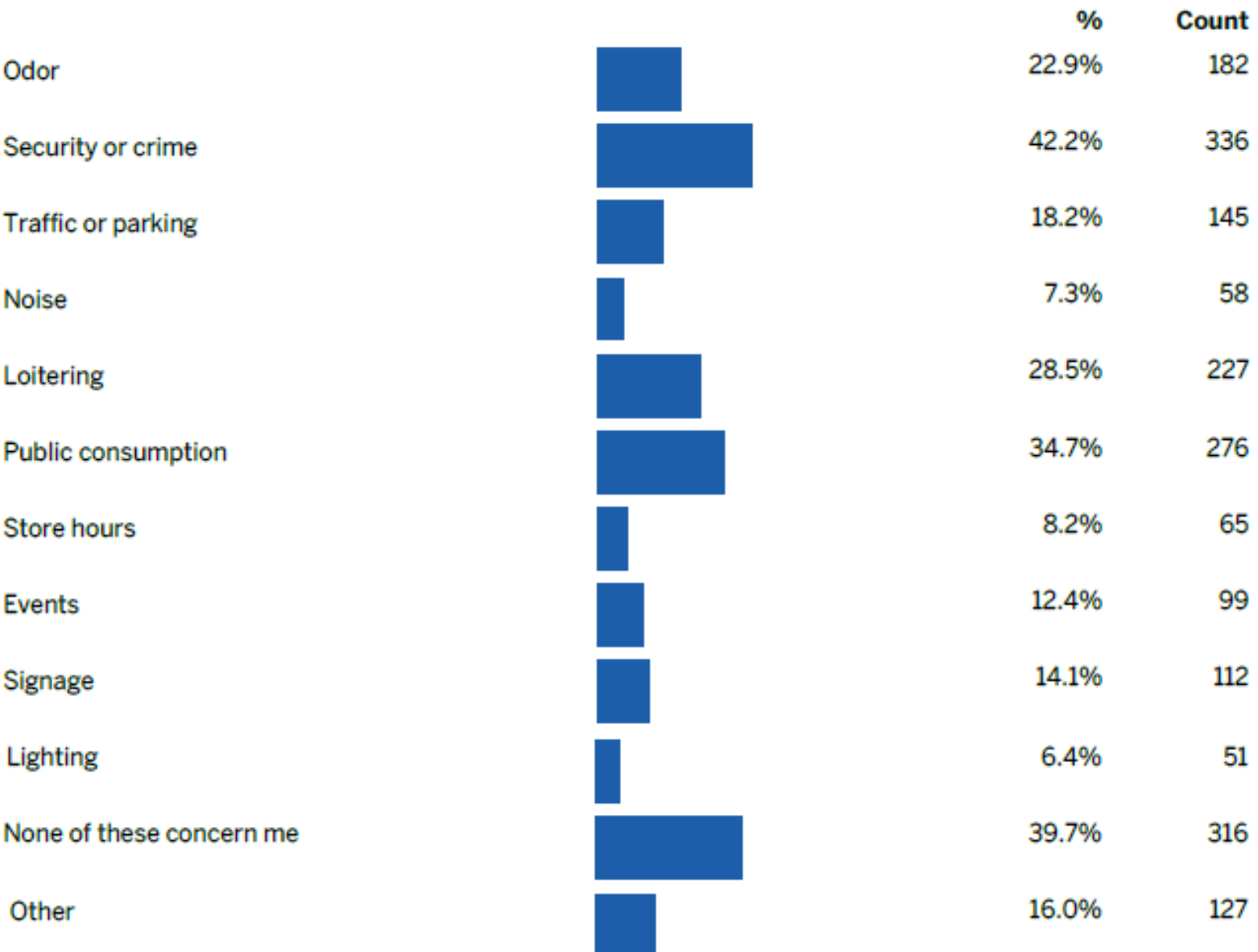
- **64.5% in support of storefronts (All)**
- **66.7% in support of storefronts (Novato Residents only)**



- **800 responses**
- **80% are Novato residents**
- **84% are >40 years old**
- **34.7% opposed (All)**
- **32.3% opposed (Residents)**

QUESTION 4

What potential operational issues, if any, would concern you about a cannabis retail storefront operating in Novato? Please select all that apply.

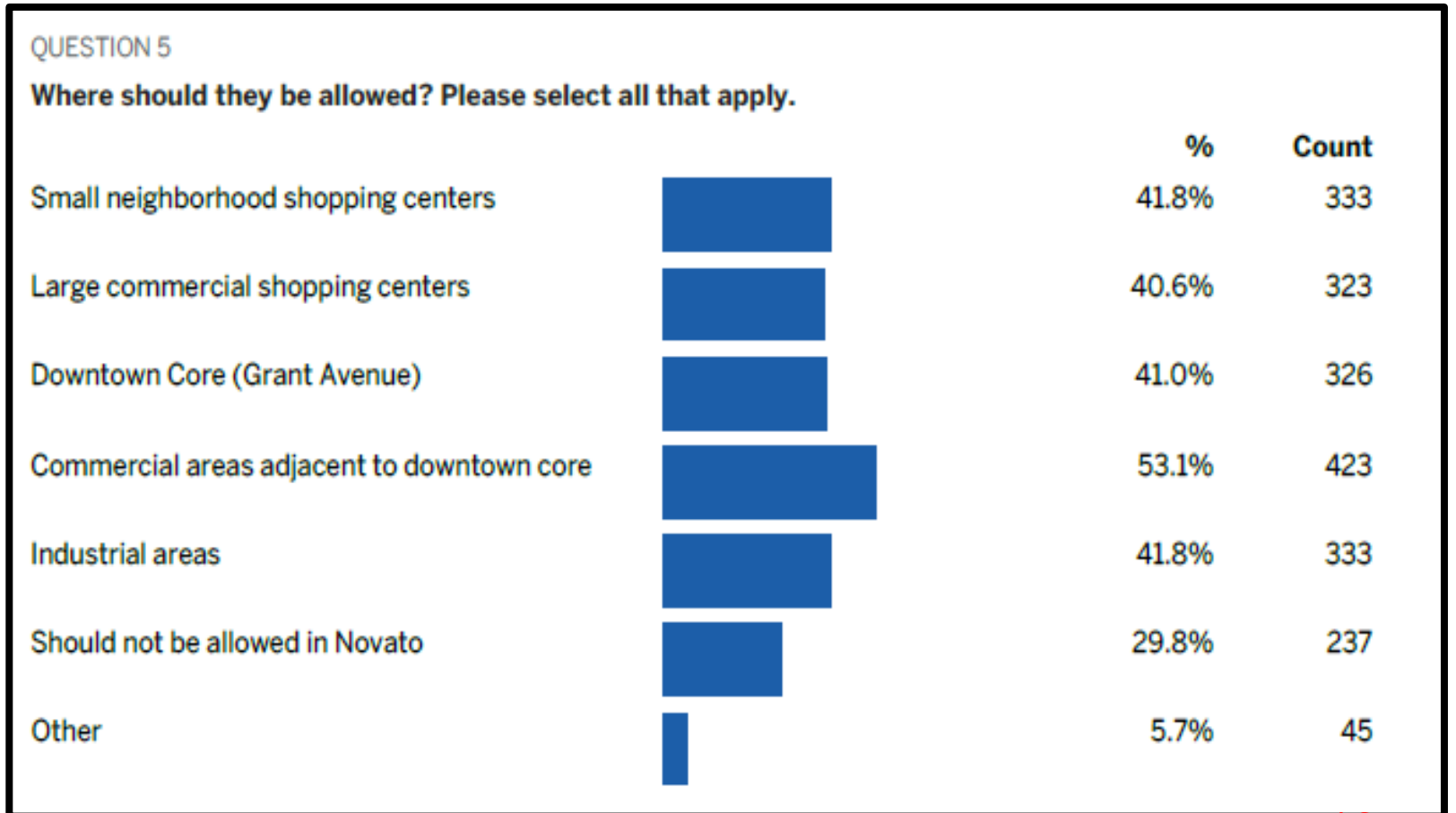


# COMMUNITY SURVEY - OPERATIONAL ISSUES

- **42% security or crime**
- **35% public consumption**
- **28% loitering**
- *40% not concerned*

# COMMUNITY SURVEY - LOCATION

- **53% Adjacent Downtown**
- **42% Neighborhood shopping centers**
- **41% Large shopping centers**
- **41% Downtown Core (Grant Ave)**

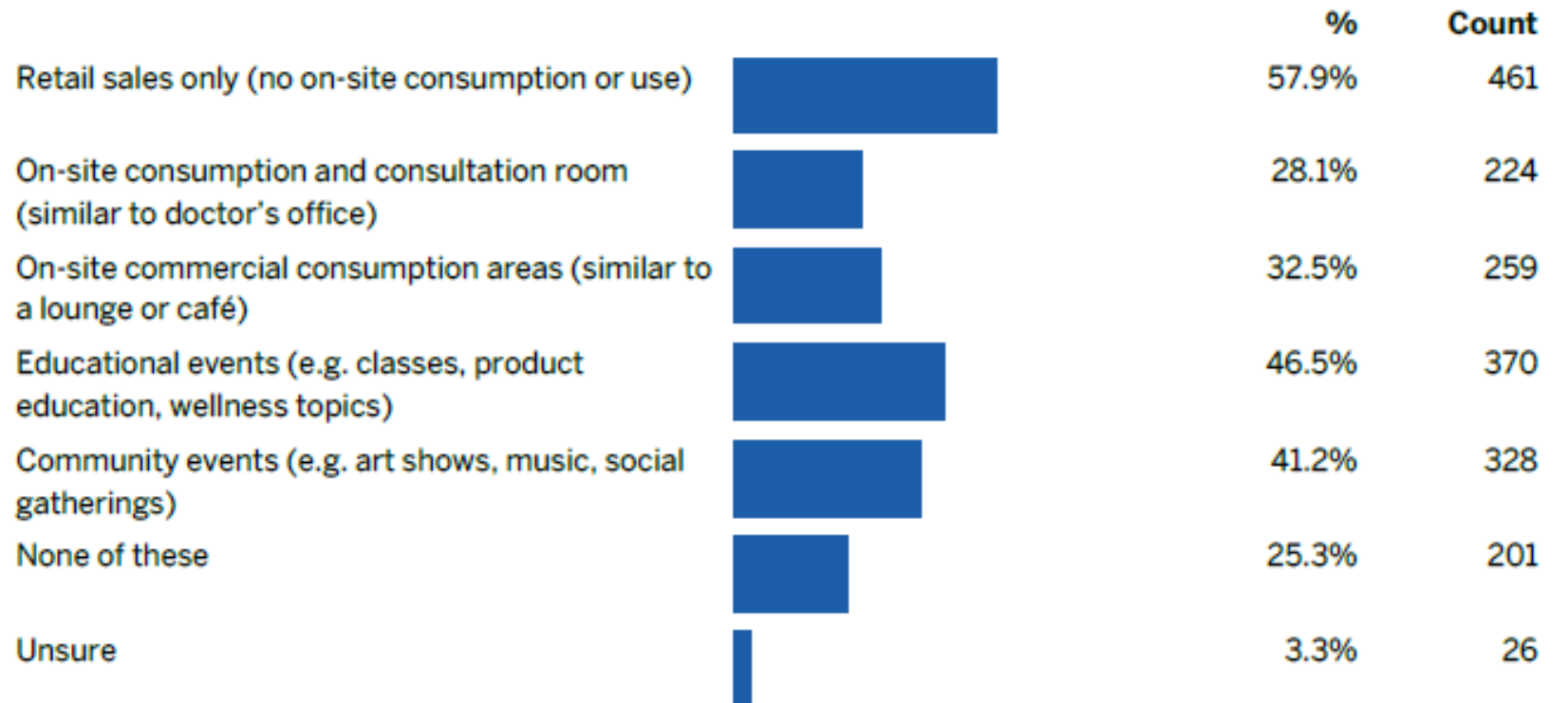


# COMMUNITY SURVEY – BUSINESS ACTIVITIES

- **58% support retail sales only**
- **46.5% support educational activities**
- **41% support community events**

## QUESTION 11

Which of the following business activities would you be comfortable allowing in licensed cannabis retail storefronts in Novato? Please select all that apply.



## COMMUNITY SURVEY – LIMITS & FEES

- **55% support leaving setbacks the same as state to “sensitive uses”**
- **59% say keep the same “sensitive use” definition as the state**
- **55% want a buffer between cannabis storefronts**
- **71% support a “cap” on # of storefronts allowed**
- **50% support a community benefit fee**

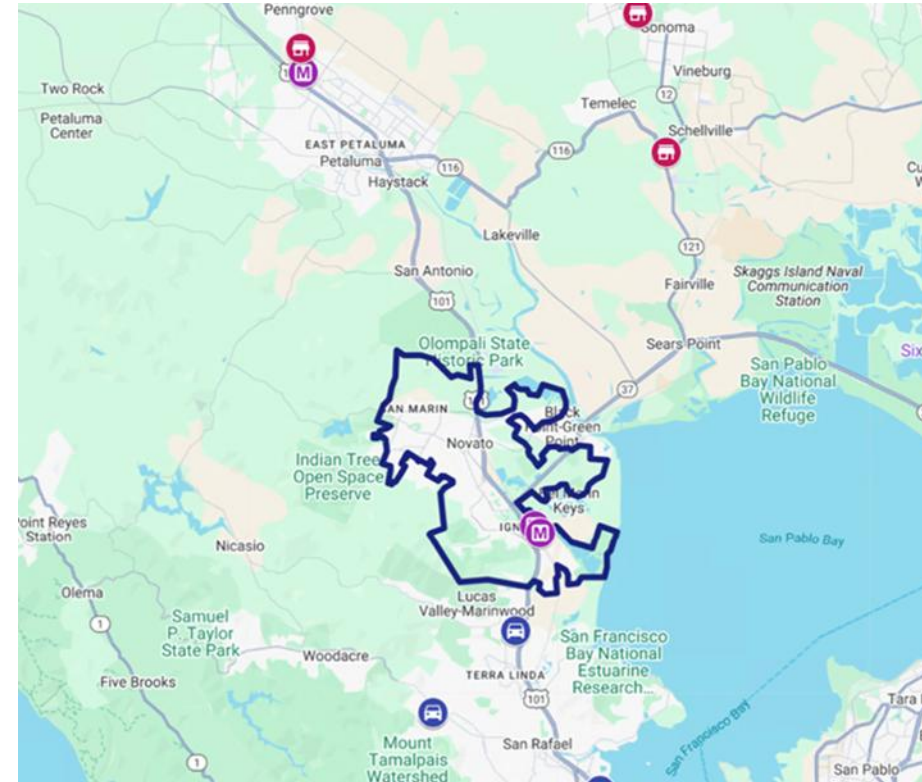


## COMMUNITY SURVEY – OPEN COMMENTS (PRO & CON)

- Cannabis is legal to consume
  - Adults should be able to buy it safely in a store like they do alcohol and cigarettes
  - Cannabis users are driving out of town and back to buy it
  - Many use cannabis responsibly to address pain, sleep, anxiety, cancer or other health issues
  - Stores in other areas have proven they can be safe and well-run and are collecting tax revenue
- Kids and teens may see the stores and think cannabis is “normal” or “safe” to use
  - Teens may get access to the products even if they aren’t allowed inside a store
  - Cannabis THC is stronger than ever
  - Crime and impaired driving (DUIs) may increase with increased access
  - Cannabis stores will impact the family-friendly character of Novato
  - Cannabis is a “gateway” drug

# CANNABIS RETAIL MARKET ANALYSIS

- **93% of consumers will travel maximum 15-20 mins for routine purchases**
- **Currently no adult-use cannabis storefronts in Marin County**
- **Nearest storefront retailers to Novato are Schellville and Petaluma, each approximately 20-minute drive with no traffic**



# CANNABIS RETAIL MARKET ANALYSIS

- **16 companies deliver to Novato**
- **Cannabis consumers show strong preference for in-person sales**
  - **Approximately 75% of cannabis sales are walk-in when available**
  - **Storefront retailers average \$6.5m/year, non-storefront \$1.3m/year**
  - **Retailers that offer in-store and delivery typically report only 5-10% of sales by delivery**



## POTENTIAL CAPTURE FOR STOREFRONT CANNABIS IN NOVATO

- **Allowing 3 storefront retailers in City of Novato could capture up to 70% of local sales**
- **Novato would likely also capture sales from outside the city, as this would be nearest location for most residents of Marin County**



# CANNABIS MARKET PROJECTIONS

- **Cannabis market in Novato is approximately \$8.6 million/year**
- **This represents the total market, whether for one retailer or shared among multiple retailers**



# CANNABIS REVENUE PROJECTIONS

- **Total Sales and Transactions Taxes: \$172,200**
  - 1% Local Sales Tax: \$86,100
  - Measure C Tax: \$21,500
  - Measure M Tax: \$64,600
- **Community Benefit Fee: \$250,000 - \$500,000**
  - Estimate at 3% - 6% rate
  - Nearby jurisdictions currently charge 1%-4% via tax or fee
- **Conservative estimates (don't quantify consumers traveling into Novato)**
- **Revenue for total market, whether from one retailer or split among multiple**



# CONSIDERATIONS FOR LOCATING STOREFRONT RETAIL

- **Jurisdictions use varying metrics to determine allowable locations and set limits**
- **Jurisdictions and retailers seek compatibility with surrounding commercial district**
  - **Large footprint compatible with large-format retail/restaurant chains at larger shopping centers**
  - **Existing lower-profile storefronts Downtown/Downtown adjacent**
  - **Small and more discreet in neighborhood shopping centers**
- **Design standards ensure compatibility**
- **Allowing a variety of types and sizes meets consumer needs and maximizes market potential**



# CANNABIS RETAIL MARKET - CONCLUSIONS

- **Cannabis sales could generate \$250,000-500,000 in annual fee revenue (depending on rate) plus \$172,000 in sales/transaction taxes**
- **Estimates are conservative – don't account for consumers coming to Novato**
- **Would likely recapture current sales leakage to storefront locations in Petaluma**
- **Fills demand for a product currently not available locally**
- **Cannabis stores can help revitalize commercial areas:**
  - **Filling vacant storefronts**
  - **Attracting new customers**
  - **Bringing façade improvements**
  - **Cannabis requires significant investment – tends to include high-end design, marketing, and increased foot traffic for other nearby stores**
  - **Required security measures carry over to adjacent businesses as well**



# CANNABIS RETAIL POLICY - NEXT STEPS



**April 14, 2026**  
City Council  
Progress Report



**May - June 2026**  
Prepare Draft Policy  
and conduct  
Community  
Engagement



**August 2026**  
Planning  
Commission  
public hearing



**September 2026**  
City Council  
public hearing



# QUESTIONS?

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**Submit comments to:**

[Cannabis@Novato.gov](mailto:Cannabis@Novato.gov)



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