



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: OCTOBER 21, 2025

FROM: POLICE DEPARTMENT WARDS: ALL

SUBJECT: PUBLIC HEARING – ORDINANCE EXTENDING, BY 10 MONTHS AND 15 DAYS, MORATORIUM ESTABLISHED BY ORDINANCE NO. 7733 ON ISSUANCE OF NEW TOBACCO RETAIL ESTABLISHMENT PERMITS WITHIN CITY.

ISSUE:

Conduct a Public Hearing to consider the adoption of an ordinance extending, by 10 months and 15 days, the moratorium established by Ordinance No. 7733 on the issuance of new Tobacco Retail Establishment Permits within the City of Riverside for an additional 10 months and 15 days. The proposed ordinance requires a four-fifths vote of the City Council.

RECOMMENDATIONS:

That the City Council:

1. Conduct a Public Hearing to consider the adoption of an ordinance extending, by 10 months and 15 days, the moratorium established by Ordinance No. 7733 on the issuance of new Tobacco Retail Establishment Permits within the City of Riverside for an additional 10 months and 15 days. The proposed ordinance requires a four-fifths vote of the City Council; and
2. Adopt, with a four-fifths vote, the proposed ordinance extending, by 10 months and 15 days, the moratorium established by Ordinance No. 7733 on the issuance of new Tobacco Retail Establishment Permits within the City of Riverside for an additional 10 months and 15 days. The proposed ordinance requires a four-fifths vote of the City Council.

LEGISLATIVE HISTORY:

Pursuant to California Government Code Section 65858, in order to protect the public safety, health, and welfare, the City may adopt an interim ordinance prohibiting any uses that may be in conflict with a contemplated general plan, specific plan or zoning proposal that the legislative body, planning commission or the planning department is considering, studying, or intends to study within a reasonable time. A legislative body can only adopt or extend any interim ordinance pursuant to this section if the ordinance contains legislative findings that there is a current and immediate threat to the public health, safety, or welfare, and that the approval of additional subdivisions, use permits, variances, building permits, or any other applicable entitlement for use which is required in order to comply with a zoning ordinance would result in that threat to public

health, safety, or welfare. Gov. Code, § 65858, subd. (c).

An interim ordinance is only effective for an initial period of no more than 45 days. Prior to its expiration, the City Council may, after a public hearing, extend the interim ordinance for up to 10-months and 15-days, and be subsequently extended for one year. Extensions also require a four-fifths vote.

Pursuant to Chapter 6.24 of the Riverside Municipal Code (“RMC”), it is unlawful for any person, business, or tobacco retailer to sell, permit to be sold, offer for sale, or display for sale any tobacco product or tobacco paraphernalia within the City of Riverside without first obtaining and maintaining a valid Tobacco Retail Establishment Permit from the City. The City of Riverside issues Tobacco Retail Establishment Permits (permits) pursuant to Chapter 6.24 of the RMC, allowing retailers to sell tobacco and nicotine products and associated paraphernalia. Tobacco products and paraphernalia are defined under RMC 6.24.020.

A tobacco retailer is defined under RMC 6.24.020(L) as “any person who sells, offers for sale, or does or offers to exchange for any form of consideration, tobacco, tobacco products, or tobacco paraphernalia, or who distributes free or low-cost samples of tobacco products or tobacco paraphernalia.” Smoke Shops are defined under RMC 19.910.200 as those retail establishments with sales of tobacco products and paraphernalia in excess of 30 percent of gross sales and/or 30 percent of net lease area.

RMC Chapter 6.24 does not differentiate between different types of retail establishments with respect to the issuance of Tobacco Retail Establishment Permits or the enforcement of tobacco sales regulations, and there is currently no differentiation in the process for obtaining a permit.

BACKGROUND:

The Riverside Police Department (RPD) is the local agency responsible for conducting regulatory compliance enforcement at tobacco retail establishments, including Smoke Shops, in the City of Riverside. The RPD Vice Unit is charged with investigation and enforcement of tobacco sales, and consists of a Sergeant, 6 Detectives, and a Community Services Officer.

The Vice Unit is also responsible for regulation of massage parlors, firearms dealers, pawnshops, secondhand dealers, fortune tellers, driver services, entertainment services, adult entertainment establishments and cannabis sales, along with alcoholic beverage enforcement and investigations of illegal gambling, prostitution, and human trafficking.

As of September 4, 2025, there were 226 known locations selling retail tobacco in the City of Riverside. 159 had active Tobacco Retail Establishment Permits, with 31 of those classified as Smoke Shops. There were an additional 42 businesses with expired permits, which had received renewal reminders and had not yet complied with permitting requirements, with 3 of those classified as Smoke Shops. There were 20 additional locations selling tobacco products without having obtained a permit. 6 of the unpermitted establishments were in the process of obtaining a permit. 8 of the unpermitted locations are classified as Smoke Shops. There were 5 additional locations operating which have been denied a permit or had their permit revoked, all of which are classified as Smoke Shops. These numbers are subject to change on a regular basis.

On September 16, 2025, the City Council unanimously voted, with a four-fifths vote, to adopt Ordinance No. 7733 establishing a moratorium on the issuance of new Tobacco Retail Establishment Permits within the City of Riverside.

As of September 19, 2025, there were 222 known tobacco retail locations, 50 of which are classified as Smoke Shops. Of those 222 locations, 178 are operating with valid permits, 18 are operating with expired permits, 7 are in the process of renewing, and 7 have been denied permits.

DISCUSSION:

The RPD Vice Unit conducts compliance monitoring and investigate violations of Tobacco Retail Establishment Permits, in accordance with RMC Section 6.24.090, in addition to their other responsibilities.

One such investigation culminated in March of 2025 in the service of numerous search warrants for locations in and around the City of Riverside related to illegal operations of a chain of Smoke Shops operating with Tobacco Retail Establishment Permits in the City of Riverside. There were 7 locations within Riverside city limits. That investigation, in conjunction with the California Department of Tax and Fee Administration (CDTFA) and other allied agencies, led to the seizure of hundreds of thousands of dollars' worth of illegal tobacco products, untaxed tobacco products, cannabis products for sale, psilocybin mushroom products for sale, narcotics for sale, 11 firearms and other illegal weapons. The owners were charged with conspiracy, money laundering, cannabis and tobacco excise tax evasion, and operating or maintaining a place to sell narcotics.

The locations involved in that investigation were reopened for business within 24 hours of the search warrant service and seizure of contraband. Follow up investigations during the second week of August 2025, related to the ongoing abatement process revealed that the locations are continuing to sell illegal products including flavored tobacco, cannabis products, nitrous oxide tanks, and psilocybin mushroom products. Those businesses remain open as of the writing of this memorandum.

Between January 1 and August 12, 2025, the RPD Vice Unit conducted 18 criminal investigations at 13 smoke shops in the City of Riverside. During those investigations, police seized 4,870 units of cannabis products, 76,298 units of illegal tobacco products, 535 nitrous oxide gas tanks, and 182 units of psilocybin mushroom products for sale. 12 of those 13 businesses remain open and operating. Three (3) of those businesses have current Tobacco Retail Establishment Permits and the others are unpermitted.

A 3-year analysis of 10 randomly selected Smoke Shops located across all seven City Council wards in the City of Riverside revealed hundreds of calls for service related to criminal activity and community livability issues at those locations. During the 3-year period analyzed, several locations each had 100 or more calls for service. The calls for service at these locations included loitering or subject bothering calls, assaults, thefts, threats, burglary, counterfeit currency, drug and alcohol offenses, disturbing the peace, robbery, arson, public intoxication, indecent exposure, overdoses, mental health incidents, and other health and safety violations.

An expanded analysis of calls for service at permitted and known-unpermitted tobacco retail establishments of all types in the City for the period of January 1 through August 28, 2025 revealed excessive calls for service at many permitted tobacco retail establishments. 11 permitted tobacco retailers had in excess of 100 calls for service during this period, and two of them had over 250 calls for service. The retailers in this group were primarily grocery stores, convenience stores, and gas stations. Call types included many subject bothering, loitering, and public disorder incidents, as well as weapons violations, assaults, robberies, sexual assaults, indecent exposure,

threats, vehicle and property thefts, health and safety violations, and mental health incidents.

January through August 2025, the RPD Vice Unit has issued 11 administrative citations for unpermitted sales of tobacco products. Additionally, they have issued warnings to approximately 19 unpermitted tobacco retail establishments which were discovered as a result of information from a community member or through accidental discovery during the course of other police activity. Several of those establishments have since filed applications for a permit.

The penalty for operating as a tobacco retailer without a valid Tobacco Retail Establishment Permit is a small fine in conjunction with the potential for being prohibited from obtaining a Tobacco Retail Establishment Permit for a specified period of time. The current fine schedule is \$100 for a first offense, \$200 for a second offense, and \$500 for each subsequent offense. RPD Vice detectives have found that many businesses are not deterred by these fines and continue operating illegally despite them. It is impossible to know the total number of unpermitted tobacco retail establishments currently operating in the City.

The RPD Vice Unit continues to conduct background investigations as part of the permitting process for all new and renewing tobacco retail permits. To date for 2025, there have been 12 new applications for tobacco retail permits (excluding renewals). The total number of tobacco retail permits, including both new and renewing applications, processed annually by the Vice Unit over the past 3 years is 87 in 2022, 88 in 2023, and 77 in 2024.

The saturation of tobacco retail establishments, currently over 200 city-wide, presents an ongoing challenge for compliance monitoring. Additionally, the current penalties for violations of the law, as well as the lengthy administrative appeal process, present little disincentive to unscrupulous business owners from operating illegally.

Without adequate resources to conduct constant compliance checks, and without a regulatory system that effectively deters illegal activity, Smoke Shops have a propensity to become nuisances which are prone to criminal activity and lower the character of a neighborhood.

REQUIRED INTERIM ORDINANCE FINDINGS:

In order to protect the public safety, health, and welfare, the City Council adopted Ordinance No. 7733 on September 16, 2025 with a four-fifth vote, to establish a moratorium on the issuance of new Tobacco Retail Establishment Permits within the City of Riverside pursuant to California Government Code Section 65858.

Ordinance No. 7733 is only effective for an initial period of no more than 45 days. Prior to its expiration, the City Council may, after a public hearing, extend the interim ordinance for up to 10-months and 15-days, and be subsequently extended for one year. Extensions also require a four-fifths vote.

The ordinance proposed herein will extend the moratorium on the issuance of new Tobacco Retail Establishment Permits within the City of Riverside, If adopted, it will prohibit the approval of new Tobacco Retail Establishment Permits for an additional 10-months and 15-days. Staff recommends that the City Council determine that it is necessary to adopt the proposed ordinance extending the moratorium due to an immediate threat to the public health, safety and welfare based on the following findings:

1. The City is concerned with the observed illegal actions and repeated permit violations of Smoke Shops, as defined under RMC 19.910.200, within the City, involving the following:
 - a. Illegal sales of psilocybin mushrooms/ psilocybin products; and
 - b. Illegal sales of cannabis/ cannabinoid products; and
 - c. Illegal sales of nitrous oxide for prohibited purposes; and
 - d. Illegal sales of narcotics/ narcotic paraphernalia.
2. The City is concerned with the public nuisance and negative secondary impacts caused by the permit violations of tobacco retailers, including Smoke Shops within the City, involving the following:
 - a. City staff and law enforcement have observed that permitted and unpermitted tobacco retail establishments, including Smoke Shops, are frequently associated with increased police calls for service related to theft, loitering, vandalism, and other criminal activity; and
 - b. Smoke Shops often operate in excess of allowed activities issued by their permits so as to constitute a public nuisance.
3. The City Council desires to investigate and study the land use and public safety impacts of tobacco retail establishments within the City of Riverside and to develop potential zoning, permitting, or other regulatory tools to address community concerns.
4. The City Council desires to investigate and study the implications of new state legislation under Health & Safety Code § 104559.5, including the effects of the legislation on tobacco retail establishments and regulation thereof.
5. The City Council desires to investigate and study the regulation of tobacco retail establishments to include the possible effect on and consistency with the City's continued implementation of policies intended to protect the public health, safety and welfare, including Blue Zone policies.
6. Absent the adoption of this Ordinance, the issuance of new Tobacco Retail Establishment Permits within the city, may pose a serious threat to the public health, safety, and welfare.
7. As a result, it is necessary to extend the moratorium on the issuance of new Tobacco Retail Establishment Permits within the City for an additional 10-months and 15-days, pending the completion of the City's study.

An extension of the moratorium on the issuance of Tobacco Retail Establishment Permits is necessary to allow the City an opportunity to consider various policy implications and develop a comprehensive approach to addressing the negative impacts to public health, safety, and welfare from activities associated with tobacco retail establishments.

During the extended moratorium period, City staff will engage with the City Council Land Use Committee and community stakeholders to consider policy priorities with respect to Tobacco Retail Establishment Permit regulations, as well as processes for enforcement of those regulations, and make recommendations regarding appropriate revisions to the Riverside Municipal Code.

The Community and Economic Development Director concurs in this recommendation.

FISCAL IMPACT:

The fiscal impact of the recommended action is difficult to calculate as it is solely related to the potential lost revenue associated with the issuance of new Tobacco Retail Establishment Permits that would normally be processed during the time of the moratorium.

Prepared by: Charles Payne, Deputy Police Chief
Approved by: Larry V. Gonzalez, Chief of Police
Approved by: Mike Futrell, City Manager
Approved as to form: Rebecca McKee, Interim City Attorney

Attachments:

1. Ordinance
2. Notice of Public Hearing
3. Presentation