



| STAFF REPORT  |                                   |
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| <b>SUBJECT:</b> Development Agreement, DA 2022-01 for Clearlake Harvest, LLC (Commercial Cannabis Operation)  | <b>MEETING DATE:</b> July 7, 2022 |
| <b>SUBMITTED BY:</b> Mark Roberts – Planning Department   |                                   |
| <b>PURPOSE OF REPORT:</b> <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item |                                   |

**WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:**

The City Council is being asked to consider the Development Agreement, DA 2022-01 for a Commercial Cannabis Operation located at 2250 Ogulin Canyon Road, further described as Assessor Parcel Number 010-044-19-000.

**BACKGROUND/DISCUSSION:**

On May 24, 2022, the Planning Commission approved Conditional Use Permits 2021-28 through 2021-32 and recommended approval to the City Council of the Development Agreement. Specifically, the following Conditional Use Permits were approved on May 24<sup>th</sup>, 2022, in accordance with Section 18-43 of the Clearlake Zoning Ordinance.

- CUP 2021-28 – Cannabis Cultivation/Processing: Is the germinating, cloning, seed production, planting, growing, and harvesting of cannabis plants. Additionally, it may include on-site drying, curing, grading, or trimming of cannabis plants, as well as the processing of raw cannabis plants for the purpose of manufacturing, distribution, and retail delivery.
- CUP 2021-29 – Manufacturing: Is the compounding, blending, extracting, infusing, or otherwise making or preparing and packaging the cannabis product.
- CUP 2021-30 – Distribution: Is the procuring of cannabis plants from permitted cannabis cultivation operations and/or cannabis manufacturers for sale to permitted cannabis dispensaries. Also, includes the inspection(s), quality assurance, batch testing by a Type 8 licensee, storage, labeling, packaging, of all cannabis material.
- CUP 2021-31 – Retail Dispensary; Delivery Only: The commercial transfer of cannabis or cannabis products from a licensed or permitted dispensary to a customer. “Delivery” also includes the use by a licensed or permitted dispensary of any technology platform owned or accessed via software license that enables the consumer to arrange for or facilitate the commercial transfer of cannabis by a licensed dispensary or retailer of cannabis or cannabis products. Note: the facility will not be open to the public.
- CUP 2021-32 – Nursery: For the self-propagation of immature cannabis plants.

**Development Agreement:**

In accordance with Section 5-25.030 of the City of Clearlake Municipal Code, a Development Agreement for commercial cannabis operations is required. The use permits have been conditioned not to be effective until the Development Agreement has been adopted by the City Council. The applicant concurs with all provisions of the Development Agreement.

This agenda item is focused on the approval of a Development Agreement regarding the subject business and does not venture into potential changes to existing City regulations and/or ordinances related to cannabis operations.

The approval of the proposed Development Agreement should be considered based on existing cannabis related regulations.

**FINANCIAL AND/OR POLICY IMPLICATIONS:**

The Development Agreement will create a positive revenue source for the City based on the fee structure set forth in the terms of the agreement. There will be a semi-annual production fee paid, as well as an annual facility fee. The actual revenue cannot be estimated at this time since it will be dependent upon the success of the business.

**RECOMMENDED ACTION:**

Hold First Reading of Ordinance No. 264-2022, Read by Title Only, Waive Further Reading, and Set Second Reading and Adoption for July 21, 2022.

**FISCAL IMPACT:**

☒ **None**      ☐ Budgeted Item?   ☐ Yes   ☐ No

Budget Adjustment Needed?   ☐ Yes   ☒ No    If yes, amount of appropriation increase: \$

Affected fund(s):   ☐ General Fund   ☐ Measure P Fund   ☐ Measure V Fund   ☒ **Other:**

Comments:

**STRATEGIC PLAN IMPACT:**

☐ Goal #1: Make Clearlake a Visibly Cleaner City

☒ **Goal #2: Make Clearlake a Statistically Safer City**

☐ Goal #3: Improve the Quality of Life in Clearlake with Improved Public Facilities

☒ **Goal #4: Improve the Image of Clearlake**

☐ Goal #5: Ensure Fiscal Sustainability of City

☐ Goal #6: Update Policies and Procedures to Current Government Standards

☒ **Goal #7: Support Economic Development**

☒ **Attachments:**

- 1) Development Agreement Ordinance Packet
- 2) Planning Commission Staff Report dated May 24, 2022