



CITY OF CLEARLAKE

City Council

STAFF REPORT

SUBJECT: Consideration of Ordinance No. 258-2022, Approving a Development Agreement, DA 2021-04 for Ogulin Canyon Holdings, LLC to allow a cannabis operation located at 2185 Ogulin Canyon Road, Clearlake, CA 95422	MEETING DATE: January 6, 2022
--	--------------------------------------

SUBMITTED BY: Mark Roberts, Senior Planner

PURPOSE OF REPORT: <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 approve a development agreement with Ogulin Canyon Holdings, LLC and hold the first reading of Ordinance No. 258-2022.

BACKGROUND/DISCUSSION:

On November 9th, 2021, the Planning Commission found the project to be in compliance with all applicable regulations and/or requirements. Based on the information brought before the Planning Commission, including no public and/or agency concerns, the Planning Commission adopted PC Resolution 2021-22 approving Conditional Use Permit Applications CUP 2021-05 through 2021-08, Commercial Cannabis Regulatory Permit with corresponding Mitigated Negative Declaration based on Initial Study, IS 2021-02, and recommended approval to the City Council of the Development Agreement, DA 2021-04.

In accordance with Section 5-25.030 of the City of Clearlake Municipal Code, a Development Agreement for the 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 or ordinances related to allowable cannabis operations. The approval of the proposed Development Agreement should be considered based on existing cannabis related regulations.

On November 15, 2021 (within the required time frame), staff received an appeal application appealing the Planning Commission's decision before the City Council. This item has been continued from the December 2nd, 2021, meeting.

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.

OPTIONS:

1. Move to hold first reading of Ordinance No. 258-2022, An Uncodified Ordinance of the City Council of the City of Clearlake Approving a Development Agreement with Ogulin Hills, LLC for the Property Located at 2185 Ogulin Canyon Road, Clearlake, read it by title only, waive further reading and schedule second reading and adoption for the January 20, 2022 meeting.
2. Other direction

FISCAL IMPACT:

☐ None ☒ Unknown 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: Approval of the Development Agreement will require payment of 5% development fee with the project begins operation. This amount is currently unknown.

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

SUGGESTED MOTIONS:

Move to hold first reading of Ordinance No. 258-2022, An Uncodified Ordinance of the City Council of the City of Clearlake Approving a Development Agreement with Ogulin Hills, LLC for the Property Located at 2185 Ogulin Canyon Road, Clearlake, read it by title only, waive further reading and schedule second reading and adoption for the January 20, 2022 meeting.

☒ **Attachments:**

- 1) Development Agreement Resolution PC 2021-21
- 2) Development Agreement (DA 2021-04)
- 3) Staff Report Packet from November 9th, 2021, Planning Commission Hearing
- 4) Ordinance No. 258-2022