



| STAFF REPORT | |
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| SUBJECT: June Bugzzz Development Agreement, DA 2025-02 for an approved Commercial Cannabis Operation | MEETING DATE: January 16, 2025 |
| 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:

Adoption of Development Agreement, DA 2025-02 for an existing approved Commercial Cannabis Operation at 14915 & 14935 Olympic Drive, Units A and B2.

From the December 5, 2024 staff report:

BACKGROUND/DISCUSSION:

In 2018, the Planning Commission approved Use Permits, UP 16-18 and UP 17-18 and in 2021 Use Permits, UP 06-20, 07-20, 08-20, 09-20 & 10-20 to allow commercial cannabis cultivation (*planting, growing, harvesting, drying, curing, grading, or trimming of cannabis*), Manufacturing, Nursery and Distribution/Retail Delivery in units A, B2, O, G, H, I, K, M & N at the addresses referenced above.

In 2024, the approved operation was purchased/leased by Markeis Reed of June Bugzzz. Since purchasing the operation, the applicant has been coordinating with the City to formally transfer the approved operation into their name, including agreeing to the approved terms and conditions of approval. At this time, the applicant will only be performing cannabis cultivation in Units A and B2 (*planting, growing, harvesting, drying, curing, grading, or trimming of cannabis*) and if they wish to expand their operation with the additional approved uses referenced above, the applicant will modify the DA Agreement as necessary.

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 and approved use permits.

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

OPTIONS:

Hold second reading of Ordinance No. 274-2025, read by title only, waive further reading, and set second reading and adopt.

- Attachments:**
 - 1) Development Agreement Ordinance 274-2025
 - 2) Development Agreement (DA 2024-02)
 - 3) Approved Use Permits Staff Report Packet