



City of Colusa California

STAFF REPORT

DATE: August 2, 2022
TO: Mayor Reische and members of the City Council
FROM: Jesse Cain City Manager

AGENDA ITEM:

Subject: Public Hearing for a proposed first reading of an Ordinance approving a development agreement, and a Resolution for a Cannabis Business Regulatory Permit and a Cannabis Business Special Use Permit in support of cannabis manufacturing uses at 2949 Niagara Avenue.

Recommendation: Council to Open the public hearing, and introduce, read by title only, and waive the full first reading of the proposed Ordinance:

FIRST READING BY TITLE ONLY AND SET FOR SECOND READING AN ORDINANCE OF THE CITY COUNCIL APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF COLUSA AND HUNNY POT FARMS RELATIVE TO THE OPERATION OF A CANNABIS MANUFACTURING FACILITY LOCATED AT 2949 NIAGARA AVENUE IN COLUSA

Recommendation: Council to adopt the following Resolution:

A RESOLUTION OF THE CITY COUNCIL APPROVING A SPECIAL USE PERMIT AND A REGULATORY USE PERMIT, RELATIVE TO THE ESTABLISHMENT AND OPERATION OF A CANNABIS MANUFACTURING / BUSINESS FACILITY LOCATED AT 2949 NIAGARA AVE. IN COLUSA

BACKGROUND ANALYSIS:

The subject property (the "Site") is located on 5 acres within the southern portion of the Colusa Industrial Park (CIP) at 2881 Niagara Avenue and surrounded by existing industrial land uses to the north, west and south. Agricultural land and undeveloped industrial properties are located to the west of the Site.

Hunny Pot Farms (the "Owner") proposes to establish a cannabis cultivation facility on an approximate 5.94 acre site in the Colusa Industrial Park. As shown on the attached site plan, full build-out of the project would include up to eight 10,800-square-foot metal industrial buildings totaling 86,400 square feet and one - 6,000-square-foot metal building (Exhibit "B"). Actual construction of the project would occur in phases with the first phase involving cultivation in Building #1 and #2 totaling 21,600 square feet located at the southeast corner of the site; and dry

storage in Building #9 totaling 6,000 square feet located at the northeast corner of the site.

The use of the buildings would involve the cultivation (planting and growing) of cannabis plants and the harvesting, drying, trimming, and storage of cannabis flowers. The hours of operation would be from 7:00 am to 6:00 pm daily with a total of 3 employees in the first phase and adding 2 additional employees per building for a total of approximately 15 employees on the site at build-out. Pursuant to State law, a separately licensed firm would be contracted with to test, package and transport the product to a another separately State licensed retail outlet. Truck traffic would be limited with an average of 2 to 3 trips on a daily basis at build-out.

Hunny Pot Farms requests development agreement ("DA"), Cannabis Business Regulatory Permit, and Cannabis Business Special Use Permit approval as required by City Code to operate their cannabis business.

Development Agreement

As drafted, the term of the DA would last ten years. The DA contains mutually agreeable terms and provisions defining the obligations and contributions applicable to the City and the Owner. The DA establishes performance requirements, reporting and audition procedures, monetary compensation to the City (in the form of Production Fees), regulations, "City Covenants," and specific development criteria of the project.

Use Permits

The cultivation of cannabis products is considered "manufacturing," and one of many permitted uses, within the City's cannabis regulations, following approval of a DA, special use permit, and regulatory permit by the City Council. The scope of the Owner's Project is limited to how it is described above in compliance with State and City regulations including the Zoning Ordinance. Multiple conditions of any use permit approval would apply to the project (if approved) and are included within the draft resolution. These include requiring detailed plans for security and safety, odor control, premises layout, and parking.

Staff considers the proposed use of the site, DA, special use permit and regulatory permit to be consistent with the City Code, Zoning Ordinance and General Plan.

ENVIRONMENTAL REVIEW:

All procedures of the California Environmental Quality Act ("CEQA"), California Public Resources Code §21000 et seq., and the CEQA guidelines, title 14 of the California Code of Regulations, chapter 3, §15000 et seq. have been satisfied as development of the Project Site (with agricultural cultivation, processing and manufacturing land uses) is considered an anticipated use that is consistent with the analysis of such uses that have already undergone extensive environmental documentation within the *County of Colusa 2030 General Plan Update Environmental Impact Report* certified by Colusa County in 2012.

PUBLIC COMMENT:

Staff received no comments on the proposed Project.

PLANNING COMMISSION ACTION:

During their meeting of April 13, 2022, the Planning Commission considered a Planning Department staff report and public testimony in support of the Project. Following the public hearing, the Planning Commission voted 5-0 to pass a Resolution recommending City Council approval of the proposed DA. Under the City Code, the Planning Commission does not review cannabis-related use permits.

BUDGET IMPACT:

If adopted, this ordinance and DA may facilitate new sources of revenue (over a longer period of time) to the City of Colusa from future cannabis cultivation/manufacturing activities associated with this Project.

STAFF RECOMMENDATION:

Staff recommends that the City Council consider the analysis, project staff report, and public testimony. Should the City Council support such analysis and the proposed project, staff recommends that the City Council approve the following:

1. FIRST READING BY TITLE ONLY AND SET FOR SECOND READING AN ORDINANCE OF THE CITY COUNCIL APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF COLUSA AND HUNNY POT FARMS RELATIVE TO THE OPERATION OF A CANNABIS MANUFACTURING FACILITY LOCATED AT 2949 NIAGARA AVENUE IN COLUSA
2. A RESOLUTION OF THE CITY COUNCIL APPROVING A SPECIAL USE PERMIT AND A REGULATORY USE PERMIT, RELATIVE TO THE ESTABLISHMENT AND OPERATION OF A CANNABIS MANUFACTURING / BUSINESS FACILITY LOCATED AT 2949 NIAGARA AVE. IN COLUSA

ATTACHMENT:

Ordinance No ____ approving Development Agreement

Resolution No ____ for Cannabis Business Regulatory Permit and a Cannabis Business Special Use Permit