



## City of Colusa California

### STAFF REPORT

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

#### **AGENDA ITEM:**

Public Hearing for the first reading of a proposed 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 2881 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 OF THE CITY OF COLUSA APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF COLUSA AND RHF PARTNERS, LLC RELATIVE TO THE ESTABLISHMENT AND OPERATION OF A CANNABIS MANUFACTURING / BUSINESS FACILITY LOCATED AT 2881 NIAGARA AVE. 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 2881 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.

There are two existing buildings on the Site. One is approximately 50,000 square feet and not a part of this proposal. The other, Project building totals approximately 11,200 square feet within which the Owner plans to remodel, install equipment for, and operate a cannabis nursery at the Site (the "Project"). Sufficient paved parking space is available to accommodate the Project's 15 employees projected to work at the site. With approval of the Project, cannabis would be

cultivated, dried and processed within the facility as described within their detailed business plan (attached). Finished cannabis products would be transported from the site from time to time.

RHF Partnership LLC (the "Owner") 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 extraction 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:

City Staff considers approval of this Development Agreement to be exempt from California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15332, which reads as follows:

*Class 32 consists of projects characterized as in-fill development meeting the conditions described in this section.*

*(a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.*

*(b) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.*

*(c) The project site has no value, as habitat for endangered, rare or threatened species.*

*(d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.*

*(e) The site can be adequately served by all required utilities and public services.*

Staff considers the development of the Project to be exempt as provided above since for the following reasons: It is consistent with the general plan designation & policies as well as with applicable zoning designation and regulations; The Project Site, as previously developed, has

no value, as habitat for endangered, rare or threatened species; Operations within the limited, 11,200-square-foot building with conditions would generate negligible traffic, noise, air quality, or water quality, impacts; and all utilities and public services are already at the Site.

**PUBLIC COMMENT:**

Staff received 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 OF THE CITY OF COLUSA APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF COLUSA AND RHF PARTNERS, LLC RELATIVE TO THE ESTABLISHMENT AND OPERATION OF A CANNABIS MANUFACTURING / BUSINESS FACILITY LOCATED AT 2881 NIAGARA AVE. 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 2881 NIAGARA AVE. IN COLUSA

**ATTACHMENT:**

Ordinance No \_\_\_\_ approving Development Agreement

Resolution No \_\_\_\_ for Cannabis Business Regulatory Permit and a Cannabis Business Special Use Permit