

## REPORT TO THE CITY COUNCIL

---



**DATE:** September 5, 2017

**TITLE:** Ordinance Amending Chapter 17.180 (Medical Marijuana Facilities Operation and Location) to Eliminate the Requirement for Developers to Enter into Development Agreements in Certain Circumstances

**Prepared by:** Scott Taschner, Senior Planner

**Reviewed by:** Daniel Porras, Community Development Director;  
and Jennifer Mizrahi, City Attorney

---

### **RECOMMENDATION:**

- 1) Staff Report;
- 2) Entertain Questions of Staff from the City Council;
- 3) Open the Public Hearing;
- 4) Take Public Testimony;
- 5) Close the Public Hearing;
- 6) City Council discussion and questions to Staff; and
- 7) A recommendation from the Planning Commission to the City Council to introduce and approve for First Reading: An Ordinance of the City Council of the City of Desert Hot Springs, amending Chapter 17.180 (Medical Marijuana Facilities Operation and Location) to eliminate the requirement for developers to enter into development agreements in certain circumstances.

### **BACKGROUND:**

Currently all Medical Marijuana Facilities must obtain a Development Agreement for development on raw land. A development agreement is generally a contract between the city and a property owner. The agreement sets the standards and conditions that govern the development of the property. It provides certainty to the developer that his or her project will be isolated from changes in the City's zoning laws over the course of development (i.e. the developer's rights "vest"). However, it also contracts the developer to provide benefits to the City. Normally, these kinds of benefits include infrastructure improvements, public open space, or monetary payment into funds, such as "in lieu" fees in exchange for that certainty.

However, for Marijuana Facilities, the City merely derives the following public benefits from the developer: 1) developer shall have 20% of its workforce be City residents and 2) developer shall pay a "good wage", which is about \$2 above minimum wage. Although these may be beneficial to the City, it has come to the City's knowledge that the marijuana industry, on average, pays far better than minimum wage. Further, the marijuana industry will in fact need local employees, so it is likely that they will hire locally. Therefore, in actuality, the City may already be realizing a benefit without the need of requiring the developer enter into a Development Agreement, which adds time and expense to the entitlement process. Elimination of the development agreement for medical marijuana facilities would streamline the development of such facilities.

Further, and of important note, this Ordinance does not preclude developers and the City Council from entering into development agreements pursuant to Chapter 17.84 titled Development Agreements of the DHSMC. Therefore, should a developer or the City desire that a Development Agreement be in place, the option could still be utilized.

### **FISCAL IMPACT:**

None.

### **EXHIBITS:**

- 1) Draft Ordinance