

REPORT TO THE CITY COUNCIL



DATE: September 19, 2017

TITLE: Second Reading and Adoption of an Ordinance Amending Desert Hot Springs Municipal Code 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
Jennifer Mizrahi, City Attorney

RECOMMENDATION

Approve the Second Reading read by title only and adopt: An Ordinance of the City Council of the City of Desert Hot Springs, Amending Desert Hot Springs Municipal Code Chapter 17.180 (Medical Marijuana Facilities Operation and Location) to eliminate the requirement for Developers to enter into Development Agreements in certain circumstances.

BACKGROUND:

The City Council introduced the Ordinance for First Reading on September 5, 2017. The Ordinance shall take effect thirty (30) days after its second reading.

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