

RESOLUTION NO. 2017-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY, CALIFORNIA, ESTABLISHING GUIDELINES FOR THE PROGRAM TO ASSIST BUSINESSES DISPLACED BY A CITY APPROVED CANNABIS BUSINESS.

WHEREAS, on October 26, 2016, the City Council approved an amendment to the FY 2016-2017 budget that included \$50,000 to establish a fund to provide assistance to businesses involuntarily relocating as the result of a City approved cannabis business moving into their existing location. The budget amendment established the funding in the General Fund using revenues anticipated to be generated through the taxes paid by cannabis businesses; and

WHEREAS, staff was directed to develop proposed procedures for administering the relocation assistance program for City Council approval; and

WHEREAS, on December 14, 2016, the City Council was presented with the proposed procedures for the program and provided suggested revisions that would be brought back to Council for final approval in the form of a Resolution.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The City Council does hereby establish the following guidelines for the Displaced Business Assistance Program (“Program”) for businesses and persons (“Displaced Person”) displaced by a cannabis business (“Cannabis Business”) that has been approved by the City or has submitted an application for approval by the City:

1. Displaced Persons who sell, lease, or otherwise transfer their business, lease or property to a Cannabis Business are not eligible for assistance under the Program.
2. Displaced Persons having a lease or rental agreement that is terminated by the landlord (lessor) in favor of a Cannabis Business may be eligible for the Program. Displaced Persons are not eligible unless the primary reason for termination of their lease or rental agreement is due to intended sale or lease of the premises to a Cannabis Business by the landlord and not due primarily to tenant violations of the lease or rental agreement.

Displaced Persons must submit the following documentation along with their request for assistance to the City in order to qualify for assistance:

- a. A copy of the lease or rental agreement that was in effect at the time of termination and a copy of the notice of termination along with the written

notice of termination provided by the landlord. The City may also request copies of correspondence between the landlord and tenant relevant to the termination.

- b. Receipts documenting the Displaced Person's payment of all reasonable relocation expenses for which the Displaced Person is requesting reimbursement. Reasonable relocation expenses include expenses incurred by the Displaced Person to vacate the existing premises and move into new premises and may include reasonable packing and moving expenses, interim storage fees, and similar costs directly related to the relocation and reasonable in amount. Refundable deposits and expenses refundable to the Displaced Person from the prior or new landlord or insurance or other sources are not eligible for reimbursement under the Program. The City Manager shall have authority to determine what expenses are eligible for reimbursement under the Program.
- c. Documentation of any payment received from the lessor as compensation for the remaining term of the lease. Any such payments received will reduce Program assistance provided to the Displaced Person dollar for dollar.
- d. The Displaced Person must relocate their business within the City of Cathedral City to be eligible for assistance under the Program. The Displaced Person must provide a fully executed copy of the new lease for the property to which the business has relocated or purchase documents for new premises including a recorded deed.
- e. City Staff will verify that the displacing Cannabis Business has filed an application for or has been granted local license and/or CUP for a cannabis business by the City in the former location.
- f. The Displaced Person will be eligible for assistance equal to 50% of eligible relocation expenses incurred up to a maximum of \$20,000. The payment will be considered a forgivable low interest loan by the City. The City Manager may grant a hardship exception allowing an advance of assistance prior to eligible costs being incurred provided the City Manager verifies that the circumstances evidence an actual economic hardship on the Displaced Person.
- g. Assistance under the Program shall be in the form of a low interest forgivable loan from the City to the Displaced Person. The Displaced person must sign a promissory note in the form provided by the City memorializing the loan before any assistance will be provided. The term of the loan shall be for five (5) years and the outstanding balance of the loan shall bear simple interest at three percent (3%) per annum. The Displaced person shall be required to make five (5) annual equal

installments on the loan with each installment equal to twenty percent (20%) of the then outstanding balance. However, each annual installment payment will be held in abeyance and the amount of the installment due shall be forgiven from the loan, provided that Displaced Person's business remains in continuous operation in Cathedral City for the year for which the annual installment is due and the Displaced Person meets the other requirements of the Program. Thus, if a business stays in business at the location for the full five (5) years, the entire outstanding balance of the loan will be forgivable.

- h. The Displaced Person must reopen as the same type of business.
 - i. The Displaced Person's business must remain in "good standing" in that it shall remain in compliance with City ordinances, not become a public nuisance, not be suspended by the state, and not be in default of the relocation assistance agreement.
3. Displaced Persons having an expiring lease or rental agreement that is not being renewed, or who are operating without a written lease or rental agreement shall submit the following documentation along with their request for assistance:
- a. A copy of the lease or rental agreement that is expiring or has expired and a copy of the notice of or non-renewal. If the Displaced Person has been operating without a written lease or rental agreement they shall submit a statement signed by both the Displaced Person and the landlord indicating that there is not a written lease or rental agreement, but shall identify the relevant terms between the parties.
 - b. The information required under Section 2 b and c above.
 - c. The Displaced Person must relocate their business within the City of Cathedral City to be eligible for assistance under the Program. The Displaced Person must provide a fully executed copy of the new lease for the property to which the business has relocated or purchase documents for new premises including a recorded deed.
 - d. City Staff will verify that the displacing Cannabis Business has filed an application for or has been granted local license and/or CUP for a cannabis business by the City in the former location.
 - e. The Displaced person will be eligible for assistance in the amounts and under the terms provided in Section 2. "g" through "i" above and shall comply with those terms.

4. Assistance packages of up to \$5,000 may be approved by the City Manager upon satisfactory documentation of program requirements. Assistance packages of \$5,000 or more will require Council approval.
5. The Council has authorized \$50,000 for the Program. Funds will be allocated to qualifying businesses in the order in which requests are received. Once the funds are exhausted no additional requests will be accepted unless the Council acts to authorize additional funding.

SECTION 2. By adoption of this Resolution, the City Council is establishing the aforementioned as guidelines for the Business Relocation Assistance Program.

SECTION 3. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Cathedral City held on this 11th day of January, 2017, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Stanley E. Henry, Mayor

ATTEST:

Gary F. Howell, City Clerk

APPROVED AS TO FORM:

Eric S. Vail, City Attorney