

**CITY OF LAKE STEVENS
CITY COUNCIL WORKSHOP MEETING MINUTES**

Tuesday, July 6, 2021, at 6:00 p.m.
By Remote Participation via Zoom

CALL TO ORDER: 6:00 p.m. by Mayor Brett Gailey

ELECTED OFFICIALS PRESENT: Mayor Brett Gailey, Councilmembers Kim Daughtry, Gary Petershagen, Shawn Frederick, Mary Dickinson, Anji Jorstad and Steve Ewing

ELECTED OFFICIALS ABSENT: Marcus Tageant

STAFF MEMBERS PRESENT: City Administrator Gene Brazel, Finance Director Barb Stevens, Community Development Director Russ Wright, Public Works Director Eric Durpos, Police Chief John Dyer, Human Resources Director Anya Warrington and City Clerk Kelly Chelin

Call to Order:

Council President Daughtry called the meeting to order at 6:00 p.m.

All Councilmembers were present except Councilmember Tageant.

Cannabis Business License Fee

Director Wright explained that the March 16 and March 30 meetings, the Mayor and staff briefed City Council on proposed changes to the City's business license code to create a business license fee for cannabis (marijuana) businesses based on gross square footage.

Council wanted to complete other cannabis related amendments and review fees from other communities before acting on this ordinance. City Council approved new caps and restrictions on production and processing facilities at its June 8, 2021 meeting. Cannabis facilities are capped at 17,000 square feet for processors; and 54,000 square feet for producers.

The proposed business license fee would start at \$6.00 in 2021 and escalate annually up to \$9.00 in 2024. At \$6.00 a square foot, this fee would generate \$406,476 for current facilities (53,546 square feet producers and 14,200 square feet processors). At buildout this fee would approach \$639,000 (71,000 @ \$9.00). Attachment 2 in the Council packet, prepared by Toyer Strategic Advisors, shows license fees imposed in different cities in California. No Washington examples are available. These fees vary greatly but most exceed the proposed license fees anticipated in Ordinance 1117. This fee would apply to producers and processors.

A special business license fee is proposed for several reasons. 1. Since cannabis production was legalized in Washington State, local communities have not received proportionate compensation from these businesses to address public health and safety issues such as increased nuisance complaints, police calls and code enforcement issues disproportionate to other business classifications licensed in the City. 2. Cannabis processing facilities are land intensive but add fewer jobs than other types of industrial uses, which limits the City's ability to meet growth targets for job production – land intensive uses are discouraged in the Comprehensive Plan. 3. Cannabis facilities in Lake Stevens are in proximity to the Centennial

Trail, a regional tourist draw for the City and County, which has the potential to discourage trail users from visiting and shopping in Lake Stevens and may affect economic development and investment in these industrial areas. The City proposes to collect local fees and set these aside for costs and expenditures associated with complaints concerning nuisance odors, code violations and the safety of persons using the Centennial Trail,

In addition, this fund could be used for infrastructure improvements that promote economic development and diversification of uses in the City's industrial areas. Staff is looking for final direction from Council on the proposed ordinance and draft fees before returning Ordinance 1117 to Council for its action.

Mayor Gailey spoke in favor of this Ordinance. Council engaged in a discussion.

Note: Councilmember Frederick arrived at 6:25 p.m.

Council asked staff to gather further information and this item will come back to a future meeting.

Council Retreat Topics Discussion

Council discussed the agenda items for the upcoming Council retreat on August 27, 2021.

Other:

Mayor Gailey discussed the need to recruit for Pro/Con Committees for the upcoming Fireworks Ballot Measure. The City can select up to 3 on each side of the issue. A recruitment will go soon.

Adjourn:

Hearing no further business, the meeting was adjourned at 7:29 p.m.


Brett Gailey, Mayor
Kelly M. Chelin, City Clerk