

City of Lemon Grove

REGULAR CITY COUNCIL MEETING MAY 2, 2023

CALL TO ORDER

PLEDGE OF ALLEGIANCE

CHANGES TO THE AGENDA

Presentations

Proclamation - Public Works Week

PUBLIC COMMENT

- Please fill out and submit a speaker slip to the City Clerk **BEFORE** the item on the agenda has been heard at the City Council Meeting to address the Council.
- Speaker slips are located at the entrance of the Chambers.

ALL SPEAKER RELATING TO PUBLIC COMMENT WILL HAVE 3 MINUTES TO ADDRESS COUNCIL UNLESS OTHERWISE INDICATED BY THE MAYOR.

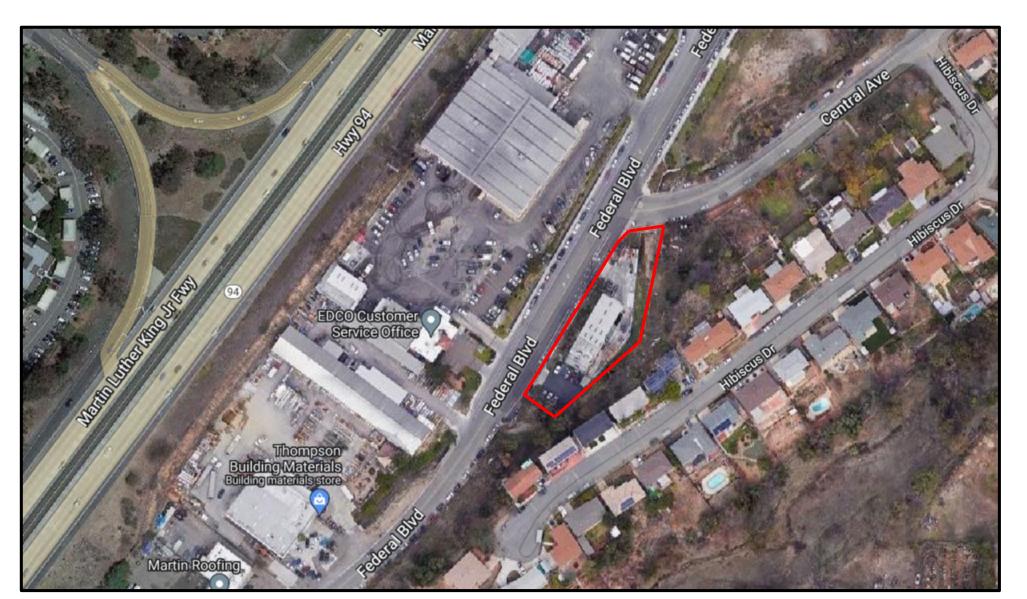
CONSENT CALENDAR

2. PUBLIC HEARING

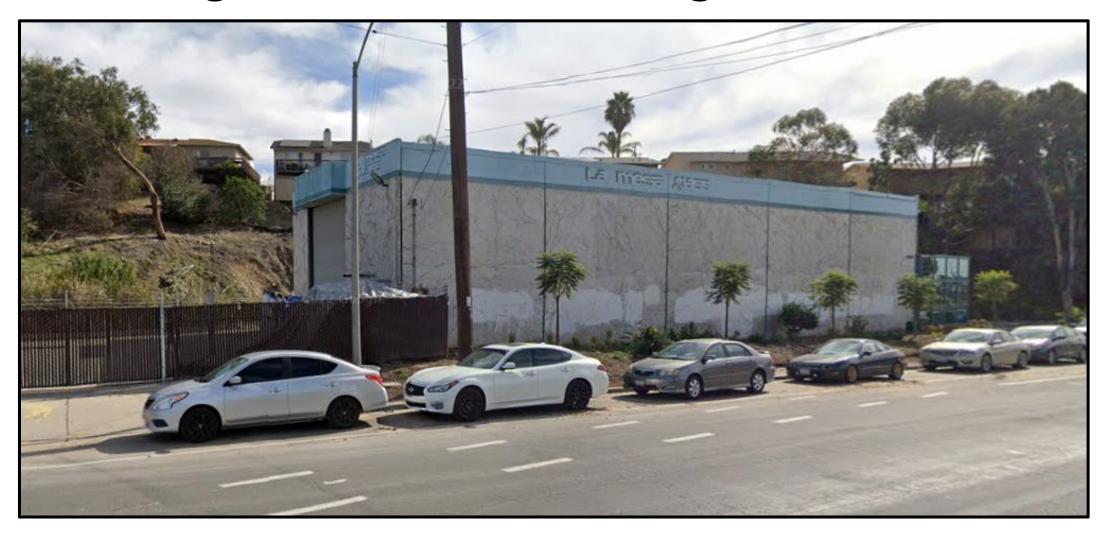
Public Hearing to Consider Conditional Use Permit Application CUP-210-0001, a Request to Establish a Cannabis Dispensary Retail Store at 6691 Federal Boulevard in the Light Industrial Zone

(APN-478-172-01-00)

Site Location: 6691 Federal Blvd.



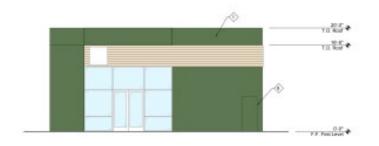
Existing Warehouse Building

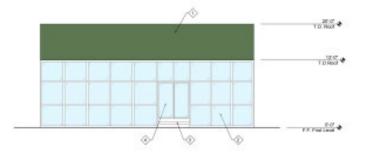


Project Rendering



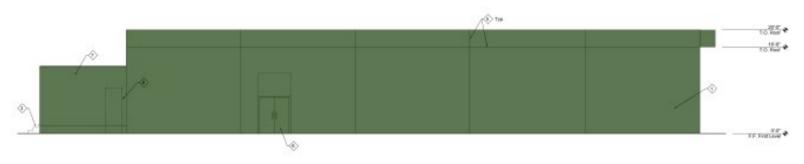
Elevations





19. East Exterior Elevation

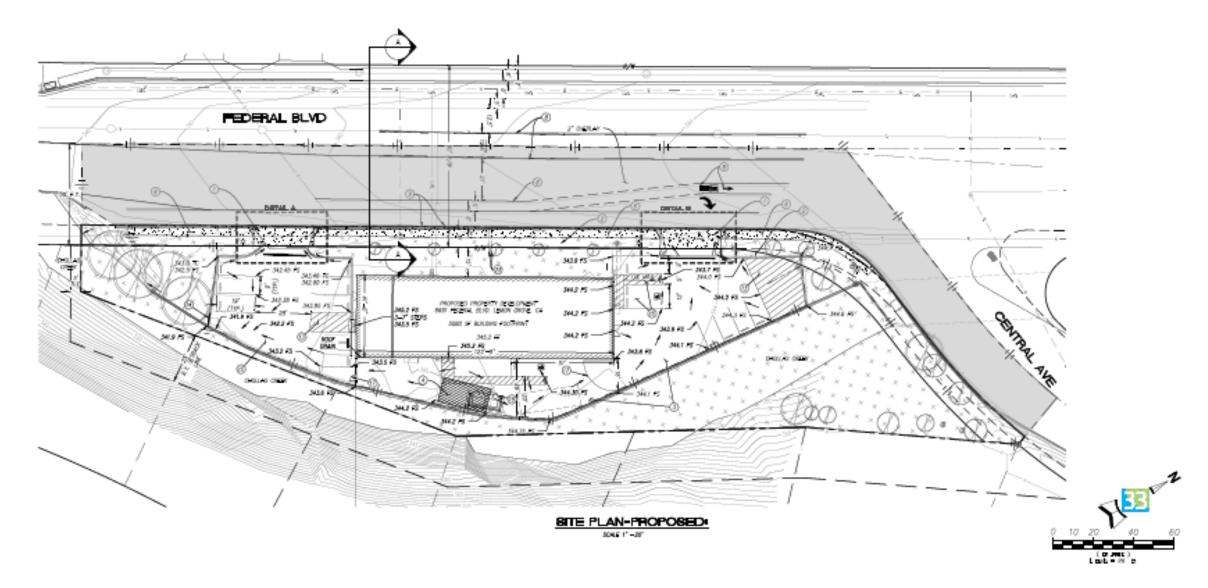
11. West Exterior Elevation



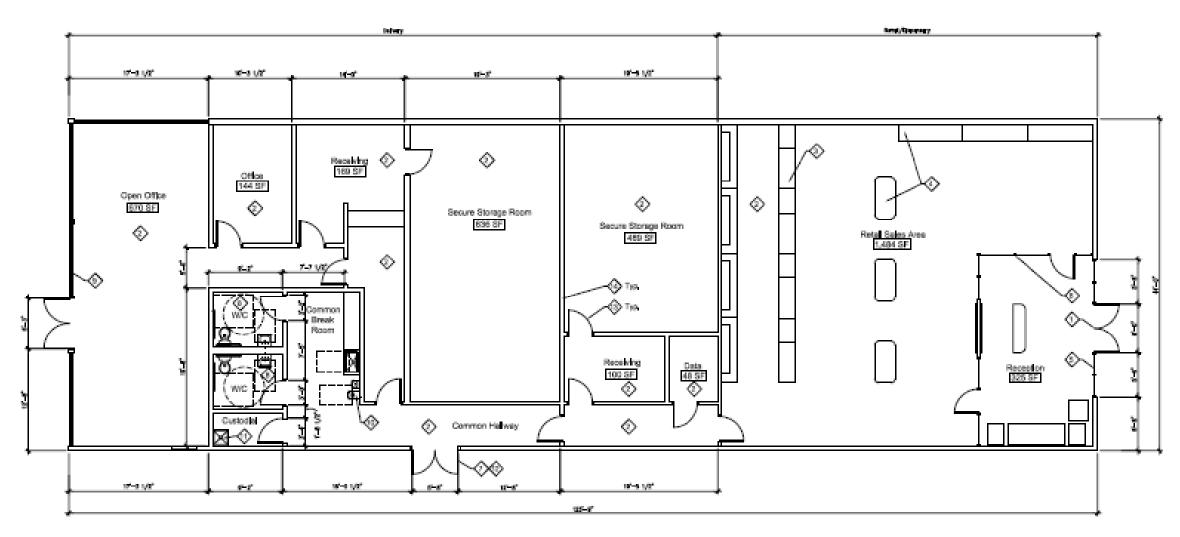
18. South Exterior Elevation



Site Plan



Floor Plan



Cannabis Dispensary History on Project Site

11/08/2016	Voters in the City of Lemon Grove passed Measure V allowing MMDs.
02/25/2019	Element 7 (Applicant) filed a MUP for early separation findings MUP-190-0002.
05/19/2019	Development Services Director approved MUP-190-0002.
09/15/2020	Applicant filed another MUP for early separation findings MUP-200-0004.
12/03/2020	Community Development Manager approved MUP-200-0004.
01/11/2021	Applicant filed a CUP application for Cannabis Dispensary CUP-210-0001.
04/05/2023	After three review cycles CUP-210-0001 was deemed complete.

Operations Manual

Medical and Recreational Use Cannabis Dispensary

Hours of Operation 8AM-8PM 7 days/week Complies with Lemon Grove Municipal Code Chapter 17.32 Cannabis Regulations

63 conditions specifically related to the operation of a Cannabis Dispensary.

Chollas Creek: Provide an access/open space easement for maintenance, weed abatement (remove invasive species), replanting and slope stabilization.

Public Improvements:

New Sidewalks and Driveway Aprons.

Stripe bike lane and parking lane on Federal Boulevard.

Undergrounding of Utilities: In-Lieu fee agreement, and

Covenant Not-to-Oppose the formation of an undergrounding district.

CEQA Determination

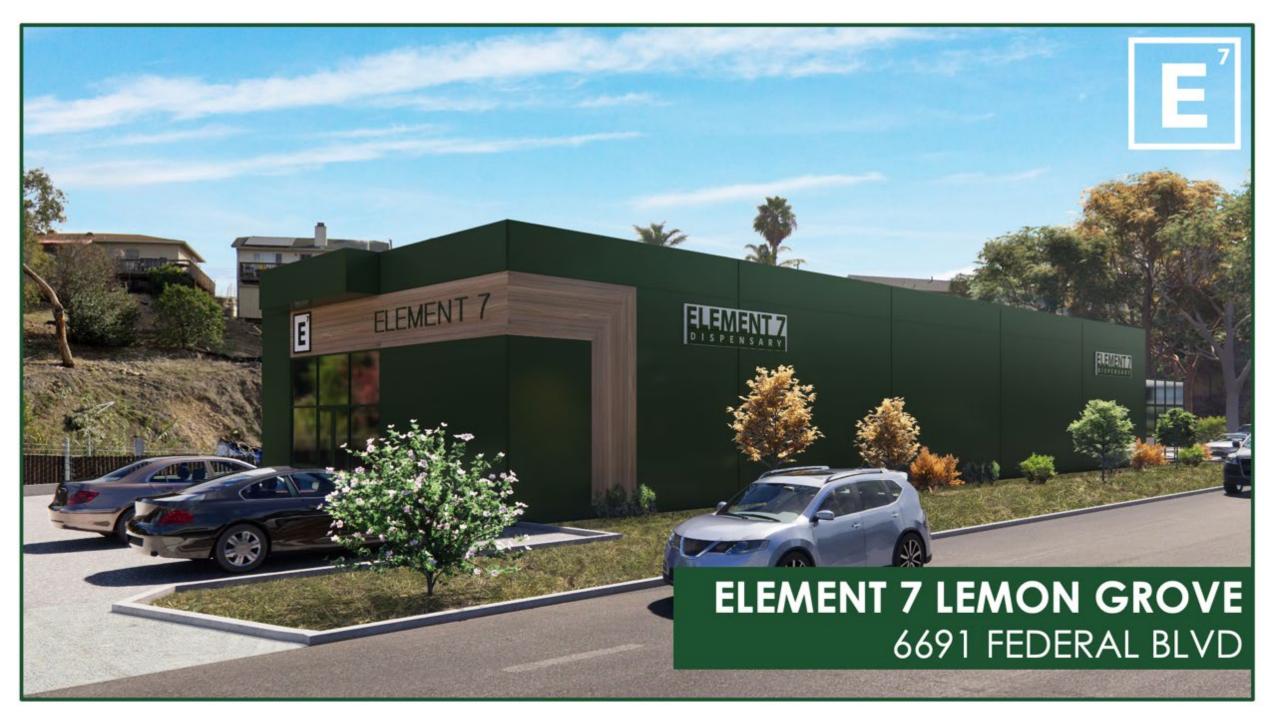
Categorical Exemption Section 15301 "Existing Facilities"

Recommendation

Conduct the Public Hearing;

Receive Public Comment; and

Adopt a Resolution finding the project exempt from CEQA and approving CUP-210-0001 for a Cannabis Dispensary at 6691 Federal Boulevard.



FOCUSED LOCAL & EXPERIENCED DAY-TO-DAY RETAIL TEAM





ROBERT DIVITO



JOSH BLACK COO / CMO



SHEILA MERCHANT LEGAL



AMBER NORWOOD
COMPLIANCE



NICK TSAMBAZIS
RETAIL OPERATIONS

FOUNDED IN SOUTHERN HUMBOLDT, CA





EXPERIENCED ORGANIZED CANNABIS OPERATOR





ROBUST RETAIL OPERATIONS





Element 7 Rio Dell Southern Humboldt Flagship Store



Element 7 Marina Monterey County Store

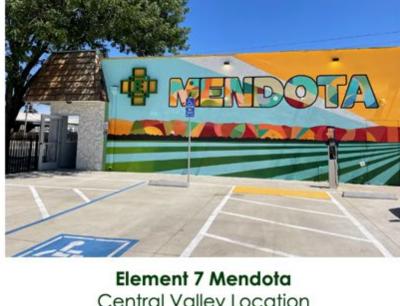


Element 7 South San Francisco 400+ Deliveries a Day

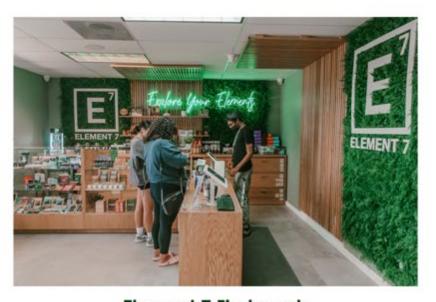


Ventura County Store

ROBUST RETAIL OPERATIONS



Central Valley Location



Element 7 Firebaugh Central Valley Location



Element 7 Chula Vista Flagship SoCal Location



San Luis Obispo Coastal Store Location



VERTICALLY INTEGRATED BUSINESS PLAN











INTERACTIVE LEARNING CENTER



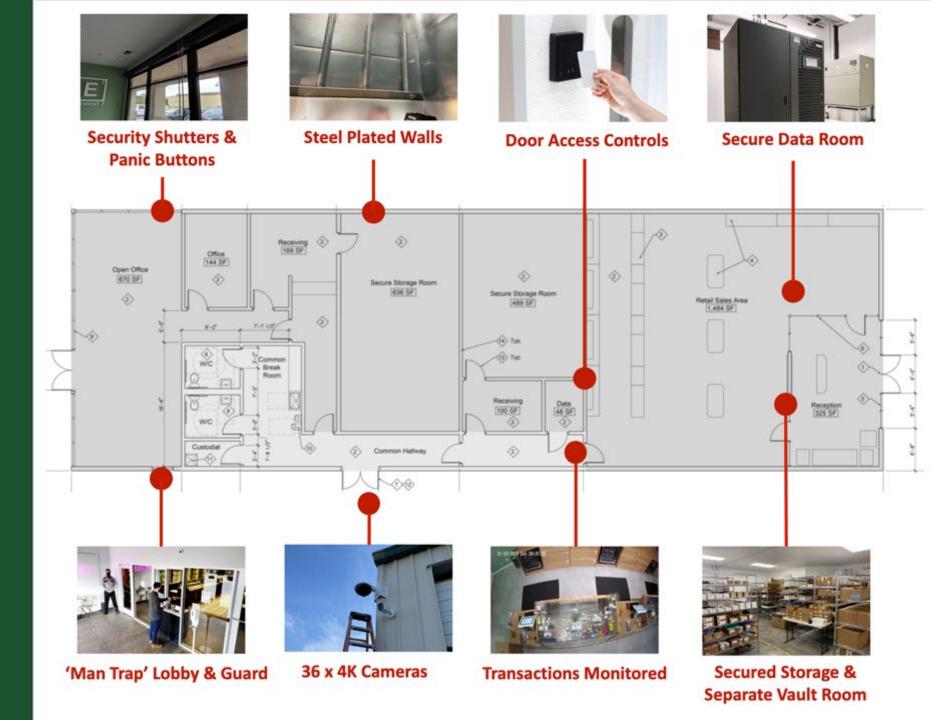
VERTICALLY INTEGRATED BUSINESS MODEL



DELIVERY SERVICE

BEST-IN-CLASS SECURITY SYSTEMS





E7 POSITIONING ATTRACTS BROAD **CUSTOMER GROUP** & MAXIMIZES **TAXES**



The Element 7 brand has strong resonance across a broad range of consumer groups which we've designed through the aesthetics of the store, the products we carry, how we market out brand, and the outreach work we constantly put forward in the communities we do business in. 43% of our customers are 40+.





CANNABIS WITH A CONSCIENCE

Benefits Fee (Gross Receipts) Staff Volunteer Program Young Leaders Mentorship Program

100% Local Staff

Support for Local Non-Profits Youth Education Program Local Community Engagement Manager SB34 Veterans Cannabis Medicine

Preference for Local Suppliers and Vendors Community Education Programs 5-Person Community Advisory Board Support for Annual Programs – e.g. 9/11





DID YOU KNOW THAT 9 OUT OF EVERY 10 ILLEGAL CANNABIS GROW SITES IN CALIFORNIA USE LETHAL Pesticides like Carbofuran, potent enough to kill a 300-pound bear?

WHAT'S IN YOUR CANNABIS?

ONLY BUY CANNABIS YOU CAN TRUST FROM A LEGAL, LICENSED, CONTROLLED AND COMPLIANT OPERATOR.



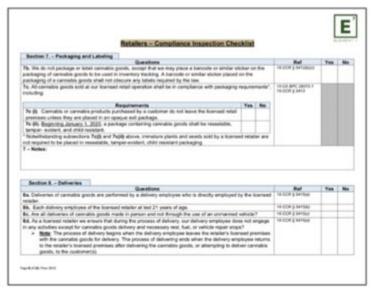
COMPLIANCE AT THE HEART OF OUR OPERATIONS



	Retailers - Compliance Inspection Checklist	0.444
	neral Information	
Date of Images		
Conducted By		
Location:		
Licenses		
1 - Notes:		
	Index .	
Section 1.	General Information	
Section 2.	Access to Retail Premises	
Section 3.	Hours of Operation	
Section 4.	Sale of Goods	
Section 5.	Ratum of Cannativa Goods	
Section 6.	Free Carnatra Goods	
Section 7.	Packaging and Labeling	
Section 8.	Deliveres	
Section 9.	Inventory	
Section 15.	Security	
Section 11.	Records Retention	
Section 12.	Carretis Waste	
Section 13.	Retailer to Retailer Transfers	
	Legend	
3 CCR	Food 6 Agriculture Regulations	
16 CA BPC	The Medicinal and Adult-Use Connoise Regulation and Safety Act (the "Act") Bureau of Connoise Control Regulations	
17 CCR	Manufactured Cannatis Subty Regulations	
104 HSC	Heath Safety Code	
30 PRC	Public Resources Code	
BCC	Bureau of Cannabia Control (Ratallers, distributors, testing laboratories,	
	microbusinesses, and temporary cannot is events	
COFA	California Department of Food & Agriculture (Cultivation)	
COPH	California Department of Public Health (Manufacturing)	
MCLS	Manufacturing Connatro Licensing System	
art of Military State		

	CHARLES			- 2	200
Retailers - Compliance Inspection Ch	SALIS				
Section 2 Access to Retail Premises					
Questions			Ref	Yes	- N
In For retailers with only an A-designation, access to the loansed premises is limited to individual to the loansed premises is limited to individual 21 years of age.			16 COR § SARGES		
2b. For retailers with only an M-decignation, access to the ficeness premises in limited to include least 15 years of age and have a valid physician is recommendation for medicinal cannable, and are at least 21 years of age.			THE COST & SHARPAN		
 For retailers with both an A-designation and an M-designation, access to the licensed premis to individuals both ricoid in 2s. and 2b., above. 	es is per	ended	16 COR § 8400(s)		
24. Access may be granted to an individual to the retail area to purchase committie grants only or or an estimator of the retailer has confirmed the individual's age and identify by impecting the foreign of identification.			16 COR \$ SKEW 16 COR \$ SKEW		
LD Requirements	Was	No			
24 (j) A. discussed issued by a feature, man, shortly, or enurging government, or a postular substances or an appropriate for the property including, but shortly and most reviewing operator's loamen, that contains the name, date of both, happy, gentle, and photo of the person. 24 (j) A. a sale inferior factor, and photo, and photo of the person. 24 (j) A. a sale inferior factor, and photo. 25 (j) A. a sale inferior factor of the bit had believed believe to a timegrap government.	1				
Section 3 Hours of Operation Guestions				Yes	
3a. As a licensed notation, sales and definence of cannotine goods are only made between the horizontal time and 10:00 pm. Pacific Term. 3. — Moles	ons of 61	Nam.	IN COLUMN	744	

Section 4 Sale of Goods					
Questions			N-COR'S MICHINA	Yes	Į
4a. A licensed retailer or at least one employee is physically present in the retail area at all times individuals/customers who are not employees of the licensed retailer are in the retail area?	when		in cost i senier		
4b. All sales of cannot is goods take place within the retail area of the retailor's inproped premises	and a	Solves	NUCKE MODE	-	t
are made through a drive-in or drive-through window, except as noted below?			NECON & NUMBER		
Exceptions to Drive-up/Drive-through Window, If Prior to June 1, 2018	Yes	Mo			
4b. (b) The retail licensee or applicant received a license or perest from the local jurisdiction for	1	-			
a premise including a drive-incitive-through window that was disclosed on the local application.	-	-			
46 (R). The retail formise or applicant submitted an application to the local jurisdiction for a license or permit which, at the time of submission, included information that a drive-initial-					
Brough window was already part of, or proposed to be part of, the previous, and after June 1.					
2018, the local jurisdiction approved the premises with a other-in/blue-through window.					
4c. Connectis goods for inspection and sale are only displayed in the retail area.			HI COT MONEY		Ι
46. White connecties goods may be removed from their packaging and placed in containers to allow			TH CORE MOVE		T
inspection. The combiners may not be readily accessible to customers without assistance of retails	or swirter	ownell, be			
this regard, containers are provided to customers by the Iconsed retailer or its employees, who re					
this regard, containers are provided to customers by the licensed retailer or its employees, who re customer at all times while the container is being inspected by the customer.	empin w	th the	THE CORP & PARTIES		ļ
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this regard, containers are principled to customers by the licensed retailer or its employees, who re sestioner at all times while the container is being inspection by the customer. 46. Commable groots removed from their packaging for display shaff not be sold or consumed, and	emain w Espech o 17	dh the annabis	10 CON \$ 1400s		
this regard, containers are principled to customers by the licensed statler or its ampliquess, who is substance of all times while the container is being impactable by the substance. 44. Cannotella goods removed from their poolugarge for despite phills not be self or consumed, and no larger uses for display obstanced in accordance with all applicable swate emanagement laws. 44. A licensed retainer shall not make any cannotes goods available for sale or delivery to a customer. Figure ements.	empin w I swith o I? Imai uni	dh the annabis			
this regard, containers are provided to customers by the licensed statler or its anystypers, who re- rectioner at all times white the customer is being impectable by the customer. 8s. Camerbis goods removed from their packaging for deplay statl not be seld or conserved, and no longer case the display's identification of source and with all applicable seater emanagement has eliminate the display and of the self-or accordance and the statle applicables for nation or delivery to a custom 4d. A licensed retailer shall not make any commobile goods available for nation of delivery to a custom.	empin w I swith o I? Imai uni	dh the annabis was:			
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this regard, containers are principled to cardiomes by the licensed station or its ampliquess, who in solutions at all times while the containing in John John Land Committee of the stations	empin w I swith o I? Imai uni	dh the annabis was:		ı	
this regard, containers are provided to customers by the locensed statler or its ampliquess, who is nationary at all times white the container is Julying papelled by the customer. 46. Camelos goods removed from their poologing for deplay shall not be seld or consumed, as no longer used for displays is destingly an accordance with all applicable seath enumagement laws. 46. A locensed retainer shall not make any cannot be goods available for sale or definely to a customer. 56. (b) The committe profits error increased by the retail locenses from a fourneed distributor or contend monotonies and entering the container and the container and the contend monotonies and entering the container and the container	empin w I swith o I? Imai uni	dh the annabis was:			
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Element 7 Quarterly Audit Scorecard

OUR LABOR PLANS BUILD **COMMUNITIES**

Living Wages

Matched 401K Contributions

Stock Option Plans

Health Care & Dental

Continuous **Learning Benefits** 80-Hours of Class-room **Training**

Internships at Chula Vista facility

100% Staff Hired Locally

Partnership with The Academy of Cannabis Science







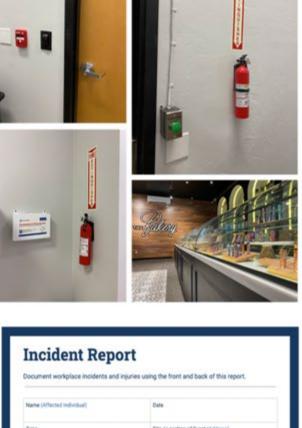


SAFETY PLANS KEEP OUR CUSTOMERS AND STAFF SAFE









Name (Affected individual)	Date
Time	Site / Location of Event (Address)
Name of Other Persons Involved	Name and Phone Number (Person Filling Out Report
incident Type: Injury - First Aid Injury - Medical/Emergency Treat Property Damage	ment
Equipment Failure Theft	

NEIGHBORHOOD COMPATIBILITY



- Quarterly Visits to all Neighbor Businesses
 & Residents
- Email Database with Newsletter
- Local Community Relations Manager
- Bi-Annual Outreach Events (Forums)
- Dedicated Feedback Email / Phone
- Quarterly City Reports
- Top-to-Top Security Briefings
- 100 Point Vendor Management Program
- Youth Mitigation Policies



- Emergency Response: 24-Hr Resolution
- Centralized Online Tracking Platform
- Open Door Policy with Law Enforcement & City Officials
- Noise / Lighting Management Plans
- Traffic & Parking Management Plans
- Odor Control (3rd Party 15000 Inc.)
- Waste Management Reduction Plan





6691 Federal Boulevard Cannabis Dispensary (CD) Retail Store CUP-210-0001

City of Lemon Grove City Council Regular Meeting Tuesday, May 2, 2023, 6:00 pm Lemon Grove Community Center 3146 School Lane, Lemon Grove, CA 91945

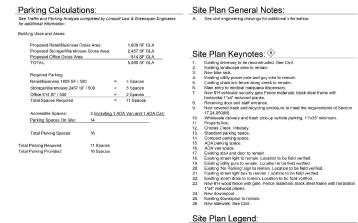


Cannabis Retail Conditional Use Permit 6691 Federal Blvd. Lemon Grove, CA 91945 Element 7

Aerial Photo Site Location

A0.10

10. Aerial Photograph Site Location
Scale: not to scale





Floor markings per CBC 11B-502.3 Accessible Path of Travel Accessible Entrance Exterior Security Lighting Parking count sub-total for parking bay



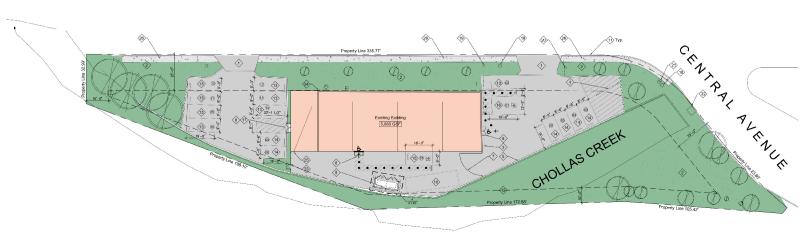
annabis Retail Permit Use Conditional Element

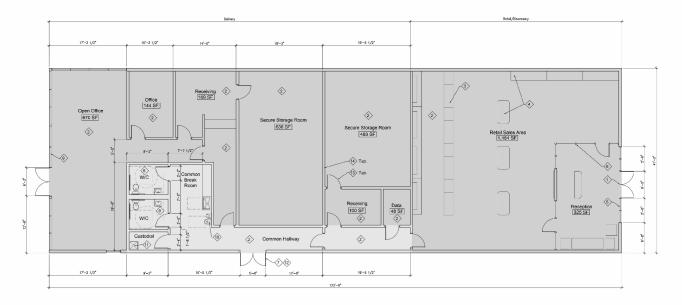
91945

6691 Federal Blvd. Lemon Grove, CA 9 01 05.15.2022 CUP Resubmittel

Site Plan

FEDERAL BOULEVARD





17. Proposed Floor Plan

Proposed Floor Plan Keynotes: 🚸

I Main entry to marijaams dispensary.

Limited access erea.

Limited access erea.

Millows tilgedayse.

New exterior storeform.

New interior dispensary.

New exterior storeform.

New interior dispensary.

New word of the storeform of the store

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Floor Area Summary

Cannabis Retail Conditional Use Permit Element 7

Kristi Byers, Architect

6691 Federal Blvd. Lemon Grove, CA 91945

01 05.15.2022 CUP Resubmittal

Proposed Floor Plan

A2.00

Cannabis Retail Conditional Use Permit 6691 Federal Blvd. Lemon Grove, CA 91945 Element 7

Proposed Security Plan Legend:

Door Contact

SSCP

ACCP

^

Key Pad for Alarm

Security System Control Panel Access Control Panel

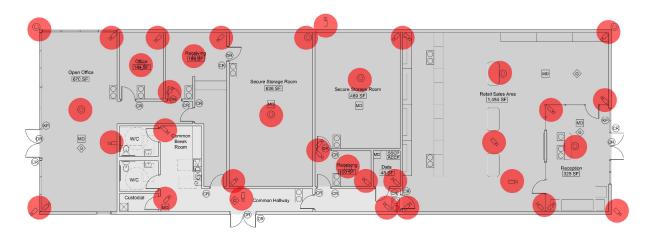
Panic Button with Police Notification

Security Camera - 90 degree coverage Security Camera - 360 degree coverage Glass Break Sensor Motion Detector

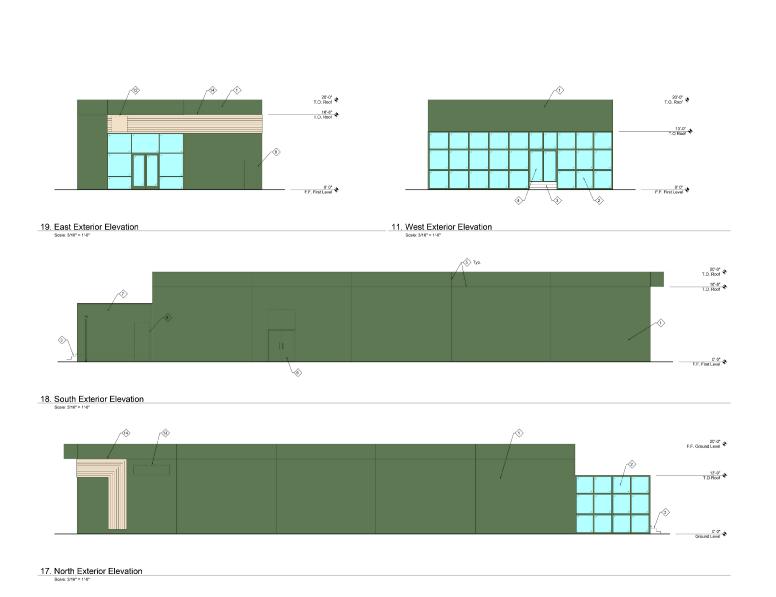
01 05:15:2022 CUP Resubmittal 02 01.26.2023 CUP Resubmital

Proposed Security Plan

A2.10



17. Proposed Security Plan
Scale: 3/16" = 1'-0'



Exterior Elevations Keynotes:

5. Esting concrete file, a wall to receive enterior comercitious pleaser to create smooth surface, paint.

2. Existing caterior glicating system to remain.

3. Existing construction point to remain.

5. Existing construction point to remain.

6. Existing construction point to remain.

7. Regiance existing point or text income and frame with new hollow metal doors and many and a state of the state of

Kristi Byers,

Architect

Cannabis Retail Conditional Use Permit Element 7

6691 Federal Blvd. Lemon Grove, CA 91945

01 05.15.2022 CUP Resubmittel

Exterior Elevations

PRELIMINARY RENDERING



^{*} Please note that this is a concept rendering created to reflect the applicant's goals for improving the building and site. The final design may change in minor ways once the building permit plans are finalized.

PROJECT SUMMARY

- All City of Lemon Grove plancheck comments have been cleared.
- This project is in conformance with the City of Lemon Grove Municipal Code.
- This project makes the required Conditional Use Permit Findings as follows:
 - This use is compatible with the neighborhood or the community.
 - This use is not detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity.
 - This use complies with the performance standards according to Lemon Grove Municipal Code Section 17.24.080.
 - This use is consistent with applicable provisions of the particular zoning district (Light Industrial LI) and with policies and standards of the general plan.
- This project makes the required Cannabis-specific Findings as follows:
 - Approval of the proposed use will NOT violate the minimum requirements set forth in Lemon Grove Municipal Code Chapter 17.32 for distance separations between establishments which dispense, process or cultivate cannabis; and separations between establishments which dispense, process or cultivate cannabis and other specific regulated or protected land uses as set forth in Chapter 17.32.
 - The proposed use complies with Title 17 of the Lemon Grove Municipal Code.

We ask that you adopt a Resolution finding the project is exempt from CEQA Pursuant to Section 15301 and conditionally approving Conditional Use Permit CUP-210-0001 to allow a Cannabis Dispensary (CD) Retail Store at 6691 Federal Boulevard, Lemon Grove, California.

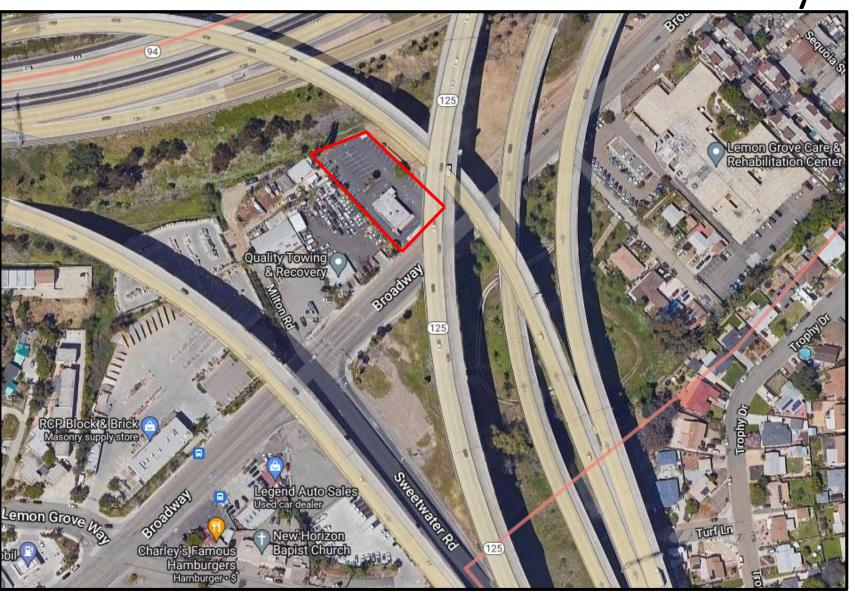
RECOMMENDATION:

Adopt a Resolution finding the project is exempt from CEQA Pursuant to Section 15301 and conditionally approving Conditional Use Permit CUP-210-0001 to allow a Cannabis Dispensary (CD) Retail Store at 6691 Federal Boulevard, Lemon Grove, CA.

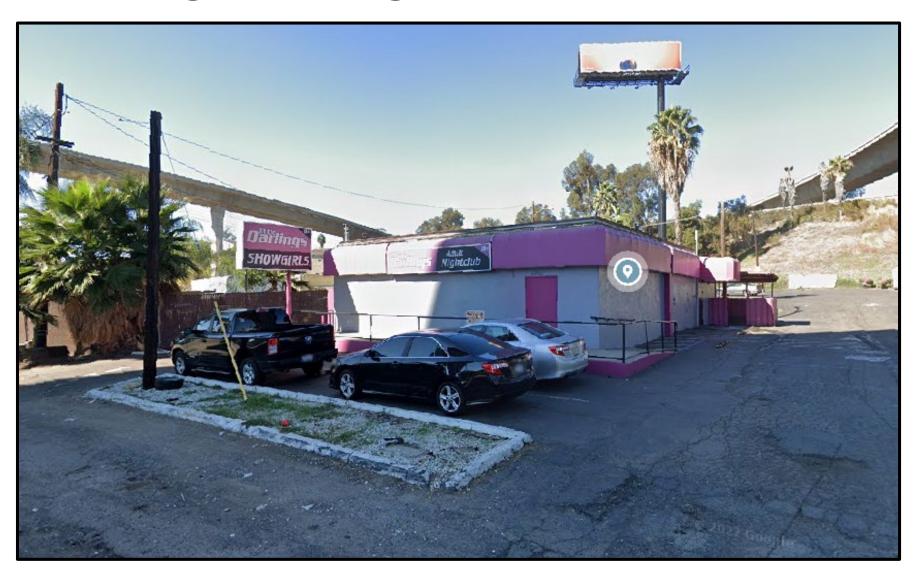
3. PUBLIC HEARING

Public Hearing to Consider Conditional Use Permit Application CUP-210-0002, a Request to Establish a Cannabis Dispensary Retail Store at 8290 Broadway in the Heavy Commercial Zone (APN-499-200-19-00)

Site Location: 8290 Broadway



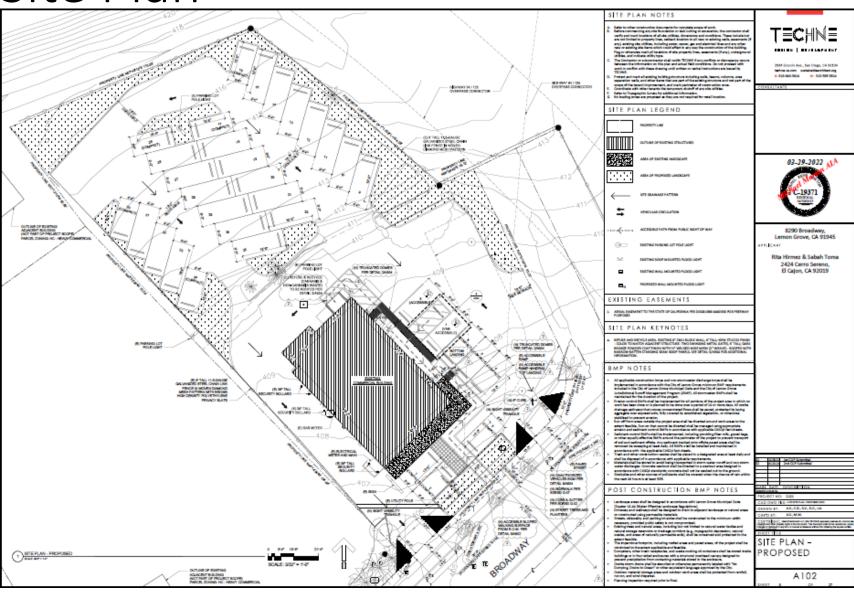
Existing Building



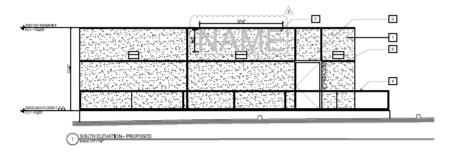
Project Rendering

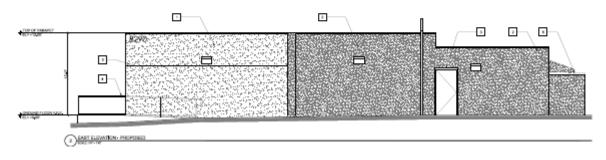


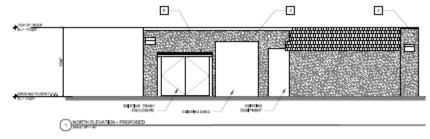
Site Plan

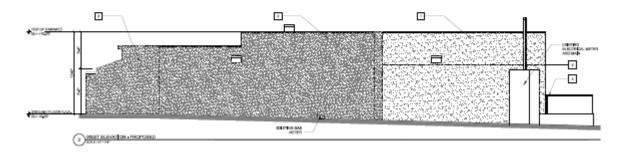


Elevations

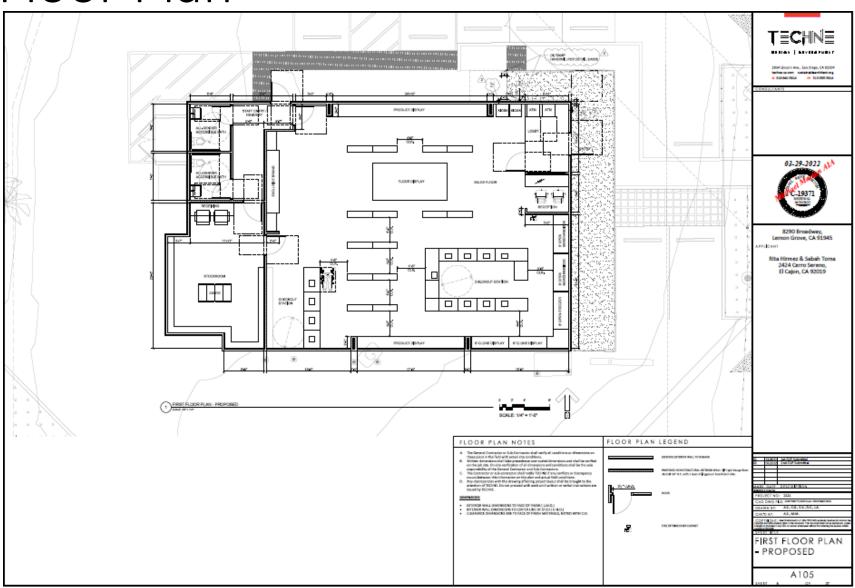








Floor Plan



Dispensary History - Project & Surrounding Sites

11/08/2016	Voters in the City of Lemon Grove passed Measure V allowing MMDs.
12/09/2021	Applicant filed MUP & CUP applications for a Cannabis Dispensary (CD) at 8290 Broadway.
01/28/2022	Applicant appealed CDM decision to approve MUP-210-0007 at 8280 Broadway.
04/05/2022	City Council denied the appeal and approved MUP-210-0007 at 8280 Broadway.
04/19/2022	City Council approved CUP-200-0001 for a CD at 8280 Broadway.
05/10/2022	CUP-210-0002 deemed complete at 8290 Broadway. Applicant waived 60-day hearing req.
04/04/2023	City Council denied time extension for CUP-200-0001 at 8280 Broadway.
04/05/2023	MUP-210-0007 expired at 8280 Broadway.
04/19/2023	CUP-200-0001 expired at 8280 Broadway.
04/19/2023	New MUP application filed for a CD at 8280 Broadway.
04/20/2023	City Council Hearing Date Scheduled and Advertised for CUP-220-0002 at 8290 Broadway.

Operations Manual

Medical and Recreational Use Cannabis Dispensary

Hours of Operation 6AM-10PM 7 days/week Complies with Lemon Grove Municipal Code Chapter 17.32 Cannabis Regulations

Conditions of Approval

63 conditions specifically related to the operation of a Cannabis Dispensary.

Conditions of Approval

New Sidewalks, Landscaped Parkway, Street Trees and Driveway Aprons.

Conditions of Approval

Undergrounding of Utilities or In-Lieu fee agreement, and

Covenant Not-to-Oppose the formation of an undergrounding district.

CEQA Determination

Categorical Exemption Section 15301 "Existing Facilities"

Recommendation

Conduct the Public Hearing;

Receive Public Comment; and

Adopt a Resolution finding the project exempt from CEQA and approving CUP-210-0002 for a Cannabis Dispensary at 8290 Broadway.

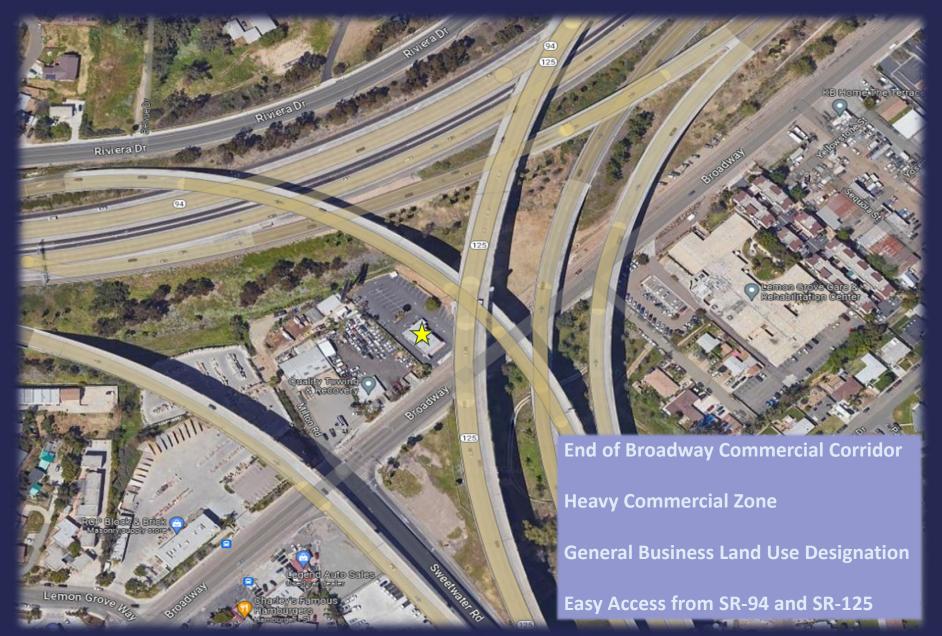


8290 Broadway – Cannabis Dispensary CUP-210-0002

City of Lemon Grove City Council Hearing

May 2, 2023

Project Location



Project Description

- Revitalization of Neglected Adult-Use Entertainment Facility to Remodeled Cannabis
 Dispensary
 - Interior Remodel, Parking Lot Repaving & Restriping, ADA Improvements, Curb and Sidewalk Improvements,
 Landscape Improvements, and Repainting of Building's Exterior
- 2,510.77 Square-Foot Cannabis Dispensary Space
- 34 Parking Spaces (2 more than required)
- Retail Sale of Cannabis Products to 21+ Customers (18+ for medical use)
- Security Features: Exterior Lighting, 24/7 Surveillance, Alarm System, Security Guard,
 Limited Access Areas, and Monitored Entry to Retail Sales Floor
- Experienced and Well-Capitalized Operators

Experienced and Well-Capitalized Operators

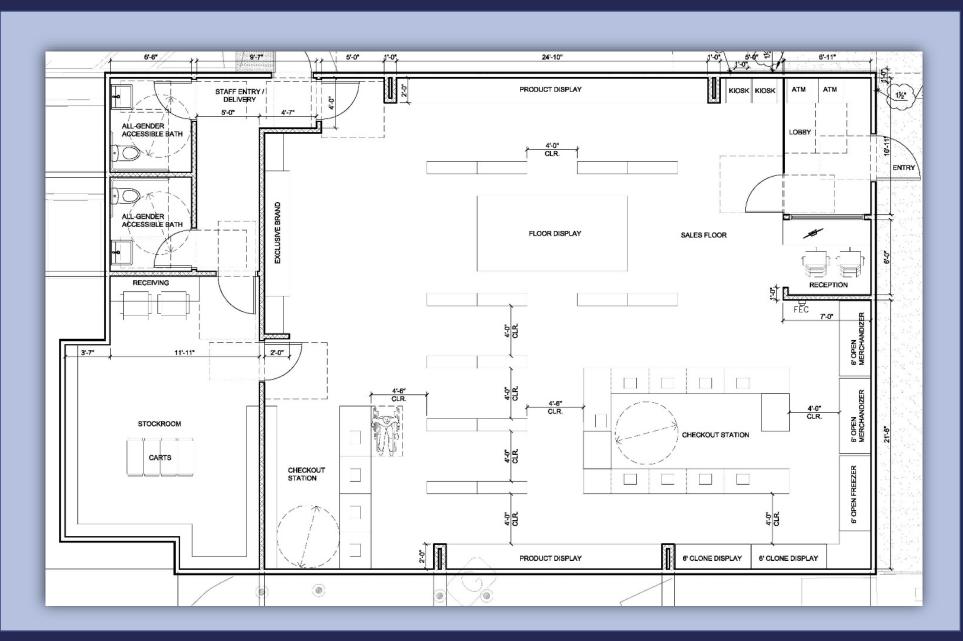
Applicant Rita Hirmez = Experienced Cannabis Retail Operator in San Diego County

- Current Cannabis Projects & Locations
 - Cannabis Dispensary at 2605 Camino Del Rio South (City of San Diego)
 - Cannabis Dispensary at 7584 University Ave (City of La Mesa)
 - Cannabis Dispensary at 8160 Parkway Drive (City of La Mesa)
- In-depth expertise navigating the legal, regulatory, and financial complexities of cannabis industry

Project is Self-Funded and Well-Capitalized

- Access to significant resources to comfortably cover:
 - Initial start-up costs (construction costs, hiring, marketing)
 - Meet on-going operational expenses (rent, utilities, inventory, payroll)
 - Expand and grow business (launch new products, new partnerships)
 - Withstand unforeseen challenges or setbacks (supply chain disruptions)

Proposed Floor Plan





Property Site

Current Property Conditions



Revitalized Property Conditions



Project Exceeds Separation Requirements

LGMC Section 17.32.090(B)

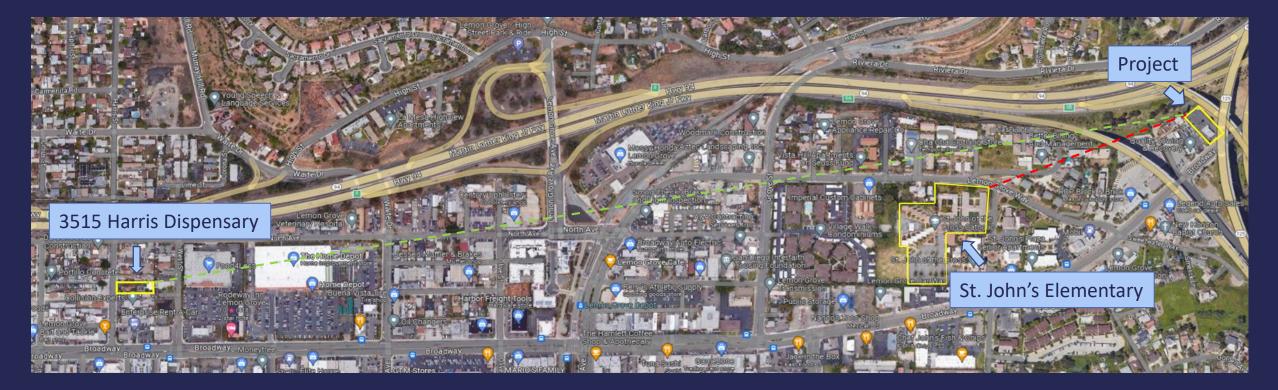
Dispensary shall not be located within 1000' of a *Regulated Use* (Other Dispensaries) or a *Protected Use* (School, Day Care, Treatment Center, Public Park, Playground).

Closest Regulated Use: 3515 Harris St. Cannabis Dispensary

Closest Protected Use: St. John's Elementary School

Property Line to Property Line Measurements

- Approx. 5,966 feet between Project and Dispensary
- --- Approx. 1,177 feet between Project and School



Project Furthers General Plan

General Plan's Community Development Element

Objective 4.0: Expansion of commercial enterprises, light industries, and professional services

- <u>Policy 4.1</u>: Promote Lemon Grove as a business and commercial hub to serve the SR-94 freeway corridor bedroom communities.
- Policy 4.2: Expand shopping and entertainment opportunities through revitalization of the Broadway commercial district and downtown village.
- Policy 4.3: Cultivate small businesses.
- Policy 4.4: Attract economic growth and increase property values by investing in public improvements throughout the City.
- Policy 4.5: Continue ongoing communication with the business community to identify economic development constraints and opportunities.
- Policy 4.6: Promote economic development that positively impacts community health and social justice
 in addition to job availability, economic revitalization, and tax revenues.

CUP Findings Can Be Made

General CUP Findings (LGMC Section 17.28.050(C)(1)-(4))

- 1. The *use* is compatible with the neighborhood or the community;
- 2. The *use* is not detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity;
- 3. The use complies with performance standards according to Section 17.24.080;
- 4. The use is consistent with applicable provisions of the particular zoning district and with policies and standards of the general plan.

Cannabis Dispensary Findings (LGMC Section 17.32.080(A)-(B))

- A. Whether the approval of the proposed use will violate the minimum requirements set forth in this chapter for distance separations between establishments which dispense, process or cultivate *cannabis*; and separations between establishments which dispense, process or cultivate *cannabis* and other specific regulated or protected land uses as set forth in this chapter.
- B. Whether the proposed use complies with Title 17 of the Lemon Grove Municipal Code.

Questions?

RECOMMENDATION:

Adopt a Resolution finding the project is exempt from CEQA pursuant to Section 15301 and conditionally approving Conditional Use Permit CUP-210-0002 to allow a Cannabis Dispensary (CD) Retail Store at 8290 Broadway, Lemon Grove, CA.

REPORTS TO COUNCIL 4. Affirming Limitations on the Two-Year EDCO Corporation Rate Schedule.

EMON ROVE
BEST CLIMATE ON EARTH

LO YEARS OF SERVICE

Presented by: Lydia Romero, City Manager, City Manager's Department

Background

- EDCO, a local company headquartered in Lemon Grove.
- Provides solid waste disposal services to Lemon Grove under a franchise granted by the City Council in 1978.
- Utilizes a two-year rate structure.
- Current rate schedule, affirmed by resolution, is in effect through June 30, 2023.

Discussion

- City staff met with EDCO staff to review their request to increase maximum rates for FY 2023-24 & FY24-25.
- Basic Residential Service: \$2.23 monthly increase
 - From \$27.57 to \$29.80 per month (3-yard bin)
- Commercial Service: \$8.72 monthly increase
 - From \$122.57 to \$131.29 per month (3-yard bin)
- State mandated Commercial Organics Recycling Services is billed separately.
 - Additional Cost of \$92.59 (65 gallon)

Proposed Rates for FY 23-24 & FY 24-25

Service	Current Rate	Proposed Rate	Actual Increase	Percent Increase
Basic Residential Service (recycling, green waste, & refuse)	\$27.57	\$29.80	\$2.23	8.1%
Additional Cart Service	\$3.14	\$3.14	\$0.00	0.0%
Senior Residential Service (seniors 62+ with income under \$30,000)	\$22.06	\$23.84	\$1.78	8.1%
Silver Bag Service (seniors 62+)	\$3.84	\$4.15	\$0.31	8.1%
3-yard bin once per week	\$122.57	\$131.29	\$8.72	7.1%
3-yard bin twice per week	\$206.94	\$221.65	\$14.71	7.1%
3-yard bin three times per week	\$291.33	\$312.04	\$20.07	7.1%
3-yard bin four times per week	\$375.70	\$402.41	\$26.71	7.1%
3-yard bin five times per week	\$460.09	\$492.80	\$32.71	7.1%
3-yard bin six times per week	\$544.45	\$583.16	\$38.71	7.1%

Exclusive Franchise Agreement

- EDCO's Solid Waste and Recycling Agreement allows for annual rate adjustments.
- Adjustments must be based on changes in the Consumer Price Index (CPI) and Tipping Fees.
- City Council can place limitations on EDCO's rates to ensure a competitive rate.
- Resolution establishes maximum rate during the next two fiscal years.
- EDCO has right to set rates within limits set out by the City Council.

Factors Impacting the Solid Waste Industry

- Landfill Tipping Fees
- Cost of Fuel and Labor
- Cost to Comply with State Regulations
- Loss in Offsetting Revenue from the sale of recycled materials due to a poor market
- Result:
- Higher than projected increase to the CPI.
- EDCO request to raise their rates ceiling
 - City Council can set maximum rates

Fiscal Impact

•The rate increases will not have a significant impact on the City's general fund budget.

Recommendation:

Staff recommends that the City council adopt a resolution affirming the two-year ECDO Rate Limitations for FY 2023-24 and 2024-25.



5. REPORT TO COUNCIL

Second Reading and Adoption of Sanitation District Ordinance No. 33 – Amending Ordinance No. 32 of the Lemon Grove Sanitation District Describing Methods for Calculating Sewer Service Charges

RECOMMENDATION:

Adopt Ordinance No. 33 amending Ordinance No. 32 of the Lemon Grove Sanitation District Describing Methods for Calculating Sewer Service Charges.

CITY COUNCIL REPORTS ON MEETINGS ATTENDED AT THE EXPENSE OF THE CITY

CITY MANAGER REPORT

CLOSED SESSION

ADJOURNMENT