



## CITY COUNCIL AGENDA

City of Canyon Lake, California

Monday, December 1, 2025  
Notice and Call  
Special City Council Meeting at 5:00 P.M.

To participate in the Council Meeting, please use one of the options below:

In Person: 31516 Railroad Canyon Road, Canyon Lake, CA 92587

Via Telephone: +1 669 444 9171, Meeting ID: 786 148 0975

Via Zoom: <https://us06web.zoom.us/j/7861480975?omn=85328685682>

Members of the public may speak during public comment using any of the methods above.

City Hall Council Chambers  
31516 Railroad Canyon Road  
Canyon Lake, CA 92587

### CITY COUNCIL MEMBERS:

Mayor Mark Terry  
Mayor Pro Tem Kasey Castillo  
Council Member Jeremy Smith  
Council Member Joshua Steeber  
Council Member Dale Welty

**Public Comment:** Any person wishing to address the City Council on any matter within the jurisdiction of the City, whether or not it appears on this agenda, is asked to complete a speaker card and provide it to the City Clerk prior to the start of public comment. The City Council has adopted a time limit of three (3) minutes per person. Comments on specific agenda items will be heard when the item is called. Please note that if you are addressing the City Council on items NOT on the agenda, the Brown Act does not allow discussion of such items. Therefore, the City Council may only do the following: refer the matter to staff, ask for additional information or request a report back, or give a very limited factual response. Electronic comments may be submitted to [cityclerk@canyonlakeca.gov](mailto:cityclerk@canyonlakeca.gov). Comments submitted electronically will be provided to the City Council and included in the official record but will not be read aloud during the meeting.

**CEQA Notice:** Unless stated otherwise on the agenda, every item on the agenda is exempt from CEQA Guidelines sections 15060(c), 15061(b)(3), 15273, 15378, 15301, 15323 and/or Public Resources Code section 21065.

**Council Agendas:** The designated office for inspection of records is the Office of the City Clerk, Canyon Lake City Hall, 31516 Railroad Canyon Road, Canyon Lake, CA 92587. Complete agenda packets are available for public review at City Hall during normal business hours and on the City's website at [www.canyonlakeca.gov](http://www.canyonlakeca.gov).

**ADA Notice:** In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting or if you need agenda documents provided in an alternate format, please contact the City Clerk's Office at (951) 244-2955 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made.

## SPECIAL SESSION

### CALL TO ORDER:

### FLAG SALUTE:

### ROLL CALL:

*Castillo, Smith, Steeber, Welty, Terry*

### PUBLIC COMMENT (3 MINUTES):

*Members of the public wishing to address the City Council on any matter within the City's jurisdiction are asked to complete a speaker card and provide it to the City Clerk prior to the start of public comment. Comments on specific agenda items will be heard when the item is called. Comments on Consent Calendar items will be heard prior to the City Council's consideration of that item. Each speaker is allowed (3) minutes to speak.*

### BUSINESS ITEMS:

1. Authorization to Negotiate and Execute Purchase and Sale Agreement for Approximately 34.99 Acres of Vacant Land (APN 354-030-013) -- Northwest Side of Railroad Canyon Road at Canyon Hills Road

#### **Recommendation:**

That the City Council: (1) Adopt Resolution No. 2025-49 authorizing the City Manager to negotiate and execute a Purchase and Sale Agreement for the acquisition of approximately 34.99 acres of vacant land located on the northwest side of Railroad Canyon Road at Canyon Hills Road (APN 354-030-013), in an amount not to exceed \$1,500,000; (2) authorize the City Manager to take all further actions and execute such documents as are necessary to effectuate the purchase, including related escrow, title, due diligence, and closing documents, provided that all documents are approved as to form by the City Attorney; and (3) authorize up to an additional five percent (5%) of the purchase price for costs associated with the transaction.

2. Introduction and First Reading of Ordinance No. 269 - An Ordinance of the City of Cayon Lake, California, Amending Chapter 4.20 (Commercial Cannabis Businesses) of the Canyon Lake Municipal Code to a Vacancy-Based Best Value Permitting Process and Adoption of a Resolution Reducing the Maximum Number of Authorized Commercial Cannabis Retail Permits from Two to One

#### **Recommendation:**

(1) Waive full reading and introduce by title only Ordinance No. 269 - An Ordinance of the City of Cayon Lake, California, Amending Chapter 4.20 (Commercial Cannabis Businesses) of the Canyon Lake Municipal Code to a Vacancy-Based Best Value Permitting Process; and (2) adopt Resolution No. 2025-50 reducing the maximum number of authorized commercial cannabis retail permits from two (2) to one (1).

### ADJOURNMENT:

AFFIDAVIT OF POSTING: I, Sheryl L. Garcia, City Clerk of the City of Canyon Lake, California, do hereby declare that the foregoing agenda was posted as of the date noted below, at least twenty-four (24) hours prior to the meeting per Government Code 54954.2, and as required by Resolution 2019-42.

Sheryl L. Garcia, MMC, CPM  
City Clerk  
Dated: 11/25/2025



## CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Steven Graham, City Attorney

DATE: 12/01/2025

SUBJECT: Authorization to Negotiate and Execute Purchase and Sale Agreement for Approximately 34.99 Acres of Vacant Land (APN 354-030-013) -- Northwest Side of Railroad Canyon Road at Canyon Hills Road

### Recommendation:

That the City Council: (1) Adopt Resolution No. 2025-49 authorizing the City Manager to negotiate and execute a Purchase and Sale Agreement for the acquisition of approximately 34.99 acres of vacant land located on the northwest side of Railroad Canyon Road at Canyon Hills Road (APN 354-030-013), in an amount not to exceed \$1,500,000; (2) authorize the City Manager to take all further actions and execute such documents as are necessary to effectuate the purchase, including related escrow, title, due diligence, and closing documents, provided that all documents are approved as to form by the City Attorney; and (3) authorize up to an additional five percent (5%) of the purchase price for costs associated with the transaction.

### Background/Analysis:

The subject property consists of approximately 34.99 acres of vacant, unimproved hillside land located on the northwest side of Railroad Canyon Road, just north of Canyon Hills Road, within the City of Canyon Lake. The property is identified as Assessor Parcel Number 354-030-013 and is currently owned by the Martin Family Trust.

According to the appraisal prepared by Larry W. Heglar & Associates, the property is zoned R-R (Rural Residential) with a General Plan designation of Mixed Use. The appraiser concludes that the highest and best use of the property, in its current condition, is to hold it as an investment for potential future development substantially consistent with the current zoning and General Plan designations, or for possible open space or conservation acquisition. The appraisal establishes an "as is" fair market value of \$2,895,000 for the fee simple interest in the property.

The property is a prominent hillside feature along a primary entry corridor to the City and is located between existing residential neighborhoods, the Canyon Lake Golf Club, and major regional transportation routes. Acquisition by the City would secure long-term public control over this highly visible parcel, preserve options for future public uses (such as open space, trails, or other City facilities), and allow the City Council to guide any potential future disposition, entitlement, or conservation actions consistent with broader community objectives.

Staff has negotiated a proposed purchase price of up to \$1,500,000, which is substantially below the appraised fair market value of \$2,895,000. The difference between the appraised value and the agreed purchase price, approximately \$1,395,000, represents the "bargain" element of the transaction. Under federal tax and charitable giving concepts, a "bargain sale" generally refers to the sale of property to a

governmental entity or qualified charitable organization for less than fair market value, with the charitable "gift" component equal to the difference between fair market value and the sale price. In this case, the transaction may constitute a bargain sale from the seller's perspective, and the seller may seek to treat the bargain element as a charitable contribution for tax purposes, subject to the seller's own tax and legal advice.

From the City's perspective, the transaction provides an opportunity to acquire a strategically located 34.99-acre parcel for approximately 52 percent of its appraised fair market value, representing a significant discount and an efficient use of public funds relative to the independently appraised value of the property. The proposed Resolution would authorize the City Manager to finalize the Purchase and Sale Agreement, to conduct appropriate due diligence (including but not limited to title review, environmental review, and other inspections), and to execute the necessary closing documents, provided that all documents are approved as to form by the City Attorney. The Resolution would also authorize a modest contingency authority (five percent of the purchase price) to cover transaction-related costs.

If the City Council approves the recommended action, staff will proceed to complete negotiations and purchase. In the future, there will need to be additional policy direction regarding future use, entitlement, or disposition of the property.

**Fiscal Impact Yes/No:** Yes

**Additional Fiscal Information:**

The proposed action would authorize the City Manager to commit up to \$1,500,000 for the purchase price of the property, plus up to an additional five percent (5%) contingency for transaction-related costs associated with the acquisition (approximately \$75,000), for a total not-to-exceed authority of \$1,575,000.

Funding for the acquisition and related costs is proposed to be appropriated from the City's line of credit with Citizen's Business Bank.

**Attachments:**

1 - Resolution

**RESOLUTION NO. 2025-49**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS FOR APPROXIMATELY 34.99 ACRES OF VACANT LAND (APN 354-030-013) AND TO TAKE ALL FURTHER ACTIONS NECESSARY TO EFFECTUATE THE ACQUISITION**

**WHEREAS**, the City of Canyon Lake (“City”) desires to preserve and secure long-term public control over strategically located properties that contribute to community character, provide opportunities for future public use, and advance the public health, safety, and welfare; and

**WHEREAS**, the property consisting of approximately 34.99 acres of vacant, unimproved hillside land located on the northwest side of Railroad Canyon Road, just north of Canyon Hills Road, within the City of Canyon Lake, identified as Assessor Parcel Number 354-030-013 and currently owned by the Martin Family Trust (“Property”), is a prominent hillside feature along a primary entry corridor to the City and is situated between existing residential neighborhoods, the Canyon Lake Golf Club, and major regional transportation routes; and

**WHEREAS**, the City obtained an independent appraisal of the Property prepared by Larry W. Heglar & Associates, which concludes that the Property is zoned R-R (Rural Residential) with a General Plan designation of Mixed Use, and that its highest and best use in its current condition is to hold it as an investment for potential future development consistent with its existing zoning and General Plan designations, or for possible open space or conservation acquisition, and which establishes an “as is” fair market value of \$2,895,000 for the fee simple interest in the Property; and

**WHEREAS**, City staff has negotiated a proposed purchase price for the Property in an amount not to exceed \$1,500,000, which is substantially below the independent appraised fair market value; and

**WHEREAS**, the difference between the appraised value of \$2,895,000 and the proposed purchase price of \$1,500,000, approximately \$1,395,000, represents the “bargain” element of the transaction and, under tax and charitable giving concepts, a sale of property to a governmental entity for less than fair market value may be characterized by the seller as a “bargain sale,” with the potential charitable component equal to the difference between fair market value and the sale price, subject to the seller’s own tax and legal advice; and

**WHEREAS**, from the City’s perspective, acquisition of the Property at the proposed purchase price provides an opportunity to acquire a strategically located 34.99-acre parcel for approximately 52 percent of its independently appraised fair market value, representing a significant discount and an efficient use of public funds relative to that appraised value; and

**WHEREAS**, the City Council finds that acquisition of the Property will secure long-term public control over a highly visible parcel, preserve options for future public uses such as open space, trails, or other City facilities, and allow the City Council to guide any potential future disposition, entitlement, or conservation actions consistent with broader community objectives; and

**WHEREAS**, the City Council desires to authorize the City Manager to negotiate and execute a Purchase and Sale Agreement and related documents for the acquisition of the Property, and to take all further actions necessary to consummate the transaction, including the execution of escrow, title, due diligence, and closing documents, provided that all such documents are approved as to form by the City Attorney; and

**WHEREAS**, the City Council further desires to authorize a modest contingency authority equal to five percent (5%) of the purchase price to cover transaction-related costs associated with the acquisition.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The City Council hereby finds and determines that the foregoing recitals are true and correct and are incorporated herein by this reference as substantive findings.

**Section 2.** The City Council hereby authorizes the acquisition by the City of the approximately 34.99-acre Property located on the northwest side of Railroad Canyon Road at Canyon Hills Road, identified as Assessor Parcel Number 354-030-013, in an amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) for the purchase price.

**Section 3.** The City Council hereby authorizes and directs the City Manager, or designee, to negotiate, approve, and execute on behalf of the City a Purchase and Sale Agreement for the acquisition of the Property, together with such related agreements and instruments as may be necessary or appropriate to effectuate the intent of this Resolution, including but not limited to escrow instructions, grant deeds, certificates, affidavits, disclosures, and other documents customary to the closing of a real property transaction, provided that all such documents are approved as to form by the City Attorney.

**Section 4.** The City Council further authorizes the City Manager, or designee, to take all further actions and to execute all additional documents as may be necessary or desirable to carry out the purposes of this Resolution and to consummate the acquisition of the Property in accordance with the Purchase and Sale Agreement and applicable law, including the conduct and completion of appropriate due diligence such as title review and physical inspections.

**Section 5.** In addition to the purchase price authority set forth above, the City Council authorizes the City Manager, or designee, to expend an amount equal to up to five percent (5%) of the approved purchase price, not to exceed Seventy-Five Thousand Dollars (\$75,000), for transaction-related costs associated with the acquisition of the Property, including but not limited to escrow and title fees, surveys or appraisal updates, environmental or other due diligence reports, and recording or transfer fees. The total not-to-exceed authority for the acquisition and associated transaction costs shall therefore be One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000).

**Section 6.** The City Council hereby approves the expenditure of funds in an amount not to exceed One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000) to be appropriated from the City's line of credit with Citizen's Business Bank, or such other fund or funds as may be designated by the City Manager, for the purposes of acquiring the Property and paying related transaction costs. The City Manager is authorized to make and direct any necessary budget adjustments or transfers consistent with this Resolution and applicable law.

**Section 7.** Nothing in this Resolution shall be construed as providing, or as an endorsement of, any particular federal, state, or local tax treatment of the transaction to the seller or any other party. Any potential characterization of the transaction as a "bargain sale" or any claimed charitable contribution is solely a matter between the seller and its tax and legal advisors.

**Section 8.** The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

**Section 9.** That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

**Section 10.** This Resolution shall take effect immediately upon its adoption.

**PASSED, APPROVED AND ADOPTED** this 1<sup>st</sup> day of December 2025.

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Mark Terry, Mayor

ATTEST:

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Sheryl L. Garcia, MMC, CPM  
City Clerk



## CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Steven Graham, City Attorney

DATE: 12/01/2025

SUBJECT: Introduction and First Reading of Ordinance No. 269 - An Ordinance of the City of Canyon Lake, California, Amending Chapter 4.20 (Commercial Cannabis Businesses) of the Canyon Lake Municipal Code to a Vacancy-Based Best Value Permitting Process and Adoption of a Resolution Reducing the Maximum Number of Authorized Commercial Cannabis Retail Permits from Two to One

### Recommendation:

(1) Waive full reading and introduce by title only Ordinance No. 269 - An Ordinance of the City of Canyon Lake, California, Amending Chapter 4.20 (Commercial Cannabis Businesses) of the Canyon Lake Municipal Code to a Vacancy-Based Best Value Permitting Process; and (2) adopt Resolution No. 2025-50 reducing the maximum number of authorized commercial cannabis retail permits from two (2) to one (1).

### Background/Analysis:

In 2021, the City Council adopted Ordinance No. 215, adding Chapter 4.20 (Commercial Cannabis Businesses) to the Canyon Lake Municipal Code to regulate commercial cannabis activities within the City. Chapter 4.20 established, among other things, a competitive application and selection process for commercial cannabis business permits that relied on objective scoring, ranking, and a comparison of proposed community benefits under Sections 4.20.100 and 4.20.110. Those provisions were subsequently amended by Ordinance No. 246 but retained the basic competitive framework.

Separately, on April 10, 2024, the City Council adopted Resolution No. 2024-13 authorizing up to two commercial cannabis retailers to operate within the City at any given time. Together, these actions created a regulatory structure that both capped the number of retail permits and required a formal, competitive process to award them.

Staff has now prepared two related legislative actions. The first is an ordinance that modernizes and streamlines the permitting procedures in Chapter 4.20. The second is a companion resolution that reduces the maximum number of commercial cannabis retail permits from two to one.

The proposed ordinance removes the outdated formal scoring and ranking system and replaces it with a vacancy-based, "best value" permitting process administered by the City Manager or designee. The ordinance clarifies that the numerical caps in Section 4.20.090 establish the maximum number of permits that may be issued, but do not require issuance of all available permits. The City Council retains its legislative authority to amend those caps by ordinance or resolution, while individual permit decisions are treated as administrative determinations made by the City Manager.

Revised Section 4.20.100 authorizes the City Manager to adopt administrative procedures governing

the form, content, and timing of commercial cannabis business permit applications, and allows applications to be accepted on a rolling basis or during defined application periods. The City Manager or designee is required to conduct an initial completeness and eligibility review to ensure that the proposed business and location can comply with Chapter 4.20, the Municipal Code, and applicable state law. The City's existing reservation of rights is preserved, making clear that the City may reject any or all applications and may modify, postpone, or cancel the program at any time prior to permit issuance, to the extent allowed by law.

The ordinance expressly states that the City Manager is not required to conduct a competitive, point-based, or ranked evaluation among all pending applications, nor to consider all applications simultaneously. The City Manager may issue a permit to an applicant who provides best value at the time a vacancy exists, may defer action on one or more applications, or may decline to issue any permit if doing so would not provide best value or would not be in the City's best interests. The ordinance also continues to require that all land use approvals and CEQA compliance be obtained before a permit is issued, confirms that a commercial cannabis business permit is not a land use entitlement, and maintains the 12-month permit term subject to renewal.

The ordinance further clarifies how transfers are handled by amending Section 4.20.200(b). Proposed transferees are reviewed under the same eligibility and best-value considerations that apply to new applicants, with flexibility for the City Manager to limit the scope of review to matters related to the change in ownership or control, and to impose reasonable conditions on the transfer consistent with the Chapter and the underlying permit.

Finally, the ordinance amends Section 4.20.160 to confirm that appeals from decisions of the City Manager or designee are conducted as prescribed in Chapter 4.20 and that no appeal lies to the City Council. This makes explicit that the City Council does not act as the appellate body for cannabis permitting decisions and that these decisions are administrative in nature. The ordinance includes standard provisions for clerical corrections, severability, effective date, and publication.

The companion resolution addresses the permitted number of commercial cannabis retailers. Under Resolution No. 2024-13, up to two retail permits are currently authorized. The proposed resolution reduces that maximum to one. The resolution finds that limiting the number of commercial cannabis retailers to one will better protect the public health, safety, and welfare and is consistent with the City's policy objectives and police power authority. The resolution further provides that, to the extent it conflicts with Resolution No. 2024-13 or any prior resolution on this subject, this new limitation controls, and directs staff to update implementing procedures and application materials to reflect a single retail permit cap. The resolution does not itself approve any particular permit holder, location, or project; instead, individual permits will continue to be issued under Chapter 4.20 as amended by the ordinance.

**Fiscal Impact Yes/No: No**

**Attachments:**

- 1 - Ordinance
- 2 - Resolution

## ORDINANCE NO. 269

### **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, AMENDING CHAPTER 4.20 (COMMERCIAL CANNABIS BUSINESSES) OF THE CANYON LAKE MUNICIPAL CODE TO A VACANCY-BASED BEST VALUE PERMITTING PROCESS**

**WHEREAS**, in 2021 the City Council adopted Ordinance No. 215, adding Chapter 4.20 (Commercial Cannabis Businesses) to the Canyon Lake Municipal Code to regulate commercial cannabis activities within the City, and subsequently amended those provisions by Ordinance No. 246; and

**WHEREAS**, Chapter 4.20 currently includes competitive application and selection procedures for commercial cannabis business permits, including objective scoring, ranking, and community-benefit comparison of applicants under Sections 4.20.100 (Initial Application Procedure) and 4.20.110 (Permittee Selection Process); and

**WHEREAS**, the City has completed its initial cannabis permitting cycle using those competitive procedures, and the City's experience implementing Chapter 4.20 has shown that the formal scoring and ranking framework is no longer necessary to administer the limited number of permits authorized by the City Council; and

**WHEREAS**, the City Council now desires to modernize and streamline Chapter 4.20 by replacing the competitive scoring and ranking system with a vacancy-based "best value" permitting approach administered by the City Manager or their designee; and

**WHEREAS**, under this approach, when a vacancy exists within the maximum number of permits authorized by the City Council, the City Manager or their designee may review one or more pending applications and issue a permit based on overall best value to the City, taking into account compliance with law, qualifications and experience, financial capacity, security and neighborhood compatibility, and proposed community benefits; and

**WHEREAS**, the City Council further desires to clarify that individual commercial cannabis business permitting decisions are administrative in nature, will be made by the City Manager or their designee, and are not subject to appeal to the City Council, while preserving the existing administrative appeal procedures set forth in Chapter 4.20; and

**WHEREAS**, these amendments do not increase the number of commercial cannabis business permits authorized in the City, do not expand the zones or locations where such uses may be established, and instead clarify and refine the administrative procedures by which existing permit caps may be filled; and

**WHEREAS**, the City Council finds that the amendments adopted by this Ordinance will promote regulatory clarity, improve administrative efficiency, and ensure that commercial cannabis business permits are issued in a manner that protects the public health, safety, and welfare and remains consistent with the City's police power authority.

**THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, DOES ORDAIN AS FOLLOWS:**

**Section 1.**     **Incorporation.** The above recitals are all true and correct and are incorporated herein by this reference.

**Section 2.**     **CEQA.** The adoption of this Ordinance is not subject to the California Environmental Quality Act because the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment.

**Section 3.**     **Municipal Code Amendment.**

**3.1**     **4.20.090(b) is hereby amended to read as follows:**

“Section 4.20.090(a) is only intended to create a maximum number of commercial cannabis businesses that may be issued permits to operate in the City under each category. Nothing in this Chapter creates a mandate that the City Manager issue any or all of the commercial cannabis business permits if, in the City Manager’s discretion, one or more applicants do not satisfy the requirements of this Chapter or do not provide best value to the City. The City Council retains its legislative authority to amend, increase, decrease, or eliminate the number or type of commercial cannabis business permits authorized under this Chapter by ordinance or resolution, but shall not act as the decisionmaker on individual commercial cannabis business permit applications.”

**3.2**     **Section 4.20.100 is hereby amended to read as follows:**

- (a)     The City Manager or their designee may adopt administrative procedures, governing the form and content of commercial cannabis business permit applications, the timing and method for accepting applications, and the manner in which decisions will be made regarding the issuance, denial, or conditional approval of any commercial cannabis business permits.
- (b)     Applications may be accepted on a rolling basis or during application periods established by the City Manager or their designee. At a minimum, the application procedures shall include:
  - (1)     Submission of a complete application on forms approved by the City Manager or their designee, including all information necessary to demonstrate compliance with this Chapter and applicable state and local law;
  - (2)     Payment of an application fee established by resolution of the City Council, if any; and
  - (3)     Authority for the City Manager or their designee to request such additional information as deemed reasonably necessary to evaluate the application and determine whether issuance of a commercial cannabis business permit would provide best value to the City.

- (c) The City Manager or their designee shall conduct an initial completeness and eligibility review of each application to determine whether the application:
  - (1) Is complete and in the form required by the City;
  - (2) Demonstrates that the proposed business and location can comply with this Chapter, the Canyon Lake Municipal Code, and applicable state law; and
  - (3) Meets any minimum threshold or objective criteria established by the City Manager or their designee pursuant to this Chapter.
- (d) The City’s reservation of rights. The City reserves the right to reject any or all applications. Prior to permit issuance, the City may modify, postpone, or cancel the acceptance or processing of applications, or the entire commercial cannabis business permit program under this Chapter, at any time without liability, obligation, or commitment to any party, firm, or organization, to the extent permitted under California law. Persons submitting applications assume the risk that all or any part of the program, or any particular category of permit potentially authorized under this Chapter, may be cancelled or modified at any time prior to permit issuance.
- (e) In addition to a failure to comply with other requirements in this Chapter, an application risks being rejected for any of the following reasons:
  - (1) The application was received after any designated deadline established by the City Manager or their designee;
  - (2) The application did not contain the required elements, exhibits, or was not organized in the required format; or
  - (3) The application was substantially incomplete or otherwise not responsive to the requirements of this Chapter.
- (f) The City Manager or their designee may waive minor informalities or immaterial irregularities in an application that are a matter of form and not of substance, or that can be corrected or waived without prejudice to other applicants. In such cases, the City Manager or their designee shall provide the applicant an opportunity to cure the deficiency or may waive the deficiency.

**3.3 Section 4.20.110 is hereby amended to read as follows:**

- (a) For purposes of this Section, a “vacancy” exists when the number of active commercial cannabis business permits issued and in good standing for a particular category of commercial cannabis business is less than the maximum number authorized by the City Council for that category pursuant to Section 4.20.090.
- (b) When a vacancy exists, the City Manager or their designee may review one or more complete applications then on file and/or solicit new applications, as determined

appropriate in the City Manager’s discretion, to determine whether one or more applicants should be issued a commercial cannabis business permit.

- (c) In deciding whether to issue a commercial cannabis business permit and, if so, to which applicant, the City Manager or their designee shall consider which applicant(s) provide “best value” to the City. For purposes of this Chapter, “best value” means the overall combination of:
  - (1) Demonstrated ability to comply with this Chapter, the Canyon Lake Municipal Code, and applicable state law;
  - (2) Experience, qualifications, and past performance of the applicant and its principals in operating compliant commercial cannabis or similar regulated businesses;
  - (3) Financial capacity and stability to establish and maintain the proposed operations in a safe and lawful manner;
  - (4) Site design, security, and neighborhood compatibility, including the ability to avoid or mitigate potential adverse impacts on surrounding properties and uses;
  - (5) The nature and extent of community benefits proposed to be provided to the City, including but not limited to those contemplated in Section 4.20.300(c); and
  - (6) Any other factors the City Manager or their designee reasonably determines are relevant to protecting the public health, safety, and welfare and furthering the purposes of this Chapter.
- (d) The City Manager or their designee is not required to conduct a competitive, point-based, or ranked evaluation among all pending applications, nor to consider all applications simultaneously. The City Manager may, in their discretion, issue a permit to an applicant that provides best value to the City at the time a vacancy exists, defer action on one or more applications, or decline to issue any permit if the City Manager determines that doing so would not provide best value or would not be in the best interests of the City.
- (e) Prior to issuing a commercial cannabis business permit, the City Manager or their designee may negotiate and require execution of a community benefit agreement and/or neighborhood compatibility agreement consistent with this Chapter and Section 4.20.300(c), and may impose such additional, reasonable conditions on the permit as the City Manager determines are necessary or appropriate to ensure compliance with applicable laws and protection of the public health, safety, or welfare.

- (f) Issuance of a commercial cannabis business permit shall be conditioned upon the selected applicant obtaining all required land use approvals and entitlements. After the City Manager identifies an applicant for permit issuance, the City Manager shall transmit the applicant's information to the Planning Department. The applicant shall then apply for and obtain all required land use approvals or entitlements for the proposed location, including compliance with all applicable provisions of CEQA.
- (g) Issuance of a commercial cannabis business permit does not create a land use entitlement. The commercial cannabis business permit shall only be for a term of 12 months and shall expire at the end of the 12-month period unless it is renewed as provided herein. No permittee may begin operations, notwithstanding the issuance of a permit, unless and until all applicable state and local laws and regulations, including but not limited to the requirements of this Chapter, the permit, and state licensing requirements, have been satisfied.
- (h) Notwithstanding anything in this Chapter to the contrary, the City Manager may reject any or all applications if the City Manager determines, in their discretion, that doing so is in the best interests of the City, taking into account any health, safety, welfare, or policy impacts on the community. Applicants shall have no vested right to a commercial cannabis business permit until a permit is actually issued, and then only for the duration of the permit term.
- (i) If an application is denied, the City Manager or their designee shall provide written notice of the denial and the reasons therefor. A new application from the same applicant for the same location may not be filed for one year from the date of denial, unless the City Manager or their designee determines, in writing, that material changes in circumstances or the application justify an earlier re-application.
- (j) Each person granted a commercial cannabis business permit shall be required to pay the permit fee established by resolution of the City Council, to cover the costs of administering the commercial cannabis business permit program created in this Chapter, prior to commencing business in the City.
- (k) The City Manager shall periodically provide informational reports to the City Council regarding the status of the commercial cannabis business permit program and permits issued under this Chapter. Such reports are for information only and do not confer any appeal right to, or decision-making authority upon, the City Council with respect to individual permit applications.

**3.4 Section 4.20.200(b) shall be amended to read as follows:**

- (b) The City Manager or their designee shall conduct a review, and may conduct a hearing, to determine whether the proposed transferee satisfies all requirements applicable to an original permittee under this Chapter, including but not limited to the background check requirements and the best value considerations set forth in Section 4.20.110. The transferee's application shall be evaluated as if it were an application for a new commercial cannabis business permit for purposes of eligibility and best value, but the City Manager may, in their discretion, limit the scope of review to those matters reasonably related to the change in ownership or control. Following the review or hearing, the City Manager must approve the transfer in order for it to be authorized. If the transfer involves a lesser percentage change in ownership than the threshold cited in subsection (d), the review or hearing may be administrative in nature.

**3.5 Section 4.20.160 is hereby amended to read as follows:**

Unless specifically provided elsewhere to the contrary, whenever an appeal is provided for in this Chapter from a decision of the City Manager or their designee(s), the appeal shall be conducted as prescribed in this Chapter. No appeal shall lie to the City Council from any action or decision taken by the City Manager or their designee(s) under this Chapter, and the City Council shall not serve as the appellate body for any such decisions.

**Section 4. Clerical Errors.** The City Council directs the City Clerk to correct any clerical errors found in this Ordinance, including, but not limited to, typographical errors, irregular numbering, and incorrect section references.

**Section 5. Severability.** Should any section, subsection, clause, or provision of this Ordinance for any reason be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance; it being hereby expressly declared that this Ordinance, and each section, subsection, sentence, clause, and phrase hereof would have been prepared, proposed, approved, and ratified irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid, unenforceable, or unconstitutional.

**Section 6. Effective Date.** This Ordinance shall take effect and be in force thirty (30) days from passage and adoption.

**Section 7. Publication.** The City Clerk shall cause the Ordinance or a summary thereof to be published in accordance with state law.

**PASSED APPROVED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_ 2025.

\_\_\_\_\_  
Mark Terry, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Sheryl Garcia, MMC, CPM  
City Clerk

\_\_\_\_\_  
Steven Graham, City Attorney

**RESOLUTION NO. 2025-50**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, REDUCING THE MAXIMUM NUMBER OF AUTHORIZED COMMERCIAL CANNABIS RETAIL PERMITS FROM TWO TO ONE**

**WHEREAS**, the City Council previously adopted regulations governing the permitting and operation of commercial cannabis businesses within the City of Canyon Lake, including limits on the number of commercial cannabis retailers that may operate in the City at any one time; and

**WHEREAS**, on April 10, 2024, the City Council adopted Resolution No. 2024-13 authorizing up to two (2) commercial cannabis retailers within the City; and

**WHEREAS**, the City Council has reconsidered the appropriate number of commercial cannabis retailers for a city of Canyon Lake’s size and character and now desires to reduce the maximum number of authorized commercial cannabis retail permits from two (2) to one (1); and

**WHEREAS**, the City Council finds that limiting the number of commercial cannabis retailers to one (1) will better protect the public health, safety, and welfare, is consistent with the City’s policy objectives, and is within the City’s police power authority; and

**WHEREAS**, the City Council further finds that this action clarifies and refines the City’s commercial cannabis regulatory framework and does not itself approve any particular permit holder, location, or project.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The above recitals are true and correct and are incorporated herein by reference.

**Section 2.** The City Council hereby reduces the maximum number of commercial cannabis retail permits authorized to operate within the City at any one time from two (2) to one (1). To the extent Resolution No. 2024-13 or any prior resolution is inconsistent with this limitation, this Resolution shall control.

**Section 3.** City staff is directed to take all necessary and appropriate administrative actions to implement this Resolution, including updating any implementing policies, procedures, and application materials to reflect a maximum of one (1) commercial cannabis retail permit.

**Section 4.** The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

**Section 5.** That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

**Section 6.** This Resolution shall take effect immediately upon its adoption.

**PASSED, APPROVED AND ADOPTED** this 1<sup>st</sup> day of December 2025.

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Mark Terry, Mayor

ATTEST:

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Sheryl L. Garcia, MMC, CPM  
City Clerk