

**MINUTES
CITY COUNCIL MEETING
MONDAY, MARCH 6, 2017**

CALL TO ORDER Mayor Shoals called the meeting to order at 6:30 p.m. in the City Hall Council Chambers, 154 South Eighth Street, Grover Beach, California.

MOMENT OF SILENCE

FLAG SALUTE The flag salute was led by Gizel Mendoza Ramirez, a 12-year-old, 6th grade student at Fairgrove Elementary School.

ROLL CALL

City Council: Council Members Jeff Lee, Barbara Nicolls, Debbie Peterson, Mayor Pro Tem Mariam Shah, and Mayor John Shoals were present.

City Staff: City Manager Matthew Bronson, City Attorney David Hale, City Clerk Donna McMahon, Police Chief John Peters, and Administrative Services Director Gayla Chapman were also present.

Also present were Fire Chief Steve Lieberman, Five Cities Fire Authority; and Executive Director Geoff Straw, San Luis Obispo County Regional Transit Authority.

CLOSED SESSION ANNOUNCEMENTS

None at this time.

AGENDA REVIEW

Action: Upon unanimous consensus, the Council adopted the agenda as presented.

CEREMONIAL CALENDAR

None at this time.

PUBLIC COMMUNICATIONS The Mayor opened the floor to any member of the public for comment on items of interest which were within the jurisdiction of the City Council, but were not listed on the agenda.

- A. Sharon Brown, Grover Beach resident, announced details of an upcoming public hearing at the County Board of Supervisors Chambers regarding the proposed oil-by-rail project for Phillips 66.
- B. Patricia Price, Arroyo Grande resident, expressed concerns regarding management of the South San Luis Obispo County Sanitation District.
- C. John Wysong, Grover Beach resident, commented on ensuring an adequate water supply and on the street design of Oak Park Boulevard.

CONSENT AGENDA

Prior to consideration of the Consent Agenda, Item No. 4 was pulled pursuant to the request of Council Member Peterson. Additionally, upon request from the Council, clarifications were provided by staff regarding Consent Agenda Item No. 5 and by Executive Director Geoff Straw regarding Consent Agenda Item No. 6. It was moved by Council Member Peterson and seconded by Mayor Pro Tem Shah to approve Consent Agenda Item Nos. 1, 2, 3, 5, and 6, as recommended. The motion carried on the following roll call vote:

AYES:	Council Members Lee, Nicolls, Peterson, Mayor Pro Tem Shah, and Mayor Shoals.
NOES:	Council Members - None.
ABSENT:	Council Members - None.
ABSTAIN:	Council Members - None.

1. **Treasurer's Report for the Period February 15, 2017 - February 24, 2017.**
Action: Approved the Treasurer's Report as submitted.
2. **Treasurer's Report for the 2015 Streets Bond Account - \$5,000,000 (Measure K-14: Grover Beach Street Rehabilitation; Safety Improvement Bond Measure) for the Period February 15, 2017 – February 24, 2017.**
Action: Approved the Treasurer's Report as submitted.
3. **Treasurer's Report for the 2016 Streets Bond Account - \$8,000,000 (Measure K-14: Grover Beach Street Rehabilitation; Safety Improvement Bond Measure) for the Period February 15, 2017 – February 24, 2017.**
Action: Approved the Treasurer's Report as submitted.
5. **Mid-Year 2016-17 Budget Adjustments** - Amending the FY 2016-17 Budget as a result of the Council's recent review and deliberations of the Mid-Year Financial Report.
Action: Adopted Resolution No. 17-15 recognizing additional revenues and adopted Resolution No. 17-16 authorizing mid-year budget adjustments to the FY 2016-17 Budget.

Resolution No. 17-15: A Resolution of the City Council of the City of Grover Beach, California, Adopting the 6th Amendment to the Annual Appropriation Resolution No. 16-48 Recognizing \$200,000 in Additional Revenues for FY 2016-17.

Resolution No. 17-16: A Resolution of the City Council of the City of Grover Beach, California, Adopting the 7th Amendment to the Annual Appropriation Resolution No. 16-48 to Allocate Funding for Certain Expenditures for FY 2016-17.
6. **Consideration of an Agreement Amending and Restating the South County Area Transit Joint Powers Agreement** - Proposed amendments to the Joint Powers Agreement with the South County Area Transit Joint Powers Authority.
Action: Approved and authorized the Mayor to execute an agreement amending and restating the Joint Powers Agreement with the Cities of Arroyo Grande, Grover Beach, and Pismo Beach and the County of San Luis Obispo forming the South County Transit (SCT) agency.

PUBLIC HEARING

7. Adoption of Proposed Water and Wastewater Rate Increases.

Mayor Shoals read the title to the foregoing item, declared the Public Hearing open, and deferred to staff for a report. Administrative Services Director Chapman provided an overview of the staff report on proposed water and wastewater rate increases as recommended by the consulting firm Willdan Financial Services after completion of a comprehensive review of the City's future operating and capital cost needs for the Water and Wastewater Enterprise Funds. Staff then responded to questions from the Council regarding the proposed rate increases and the public hearing notice.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter.

The following persons spoke in opposition to the proposed rates increases, with some individuals expressing concern regarding administrative costs and salaries, rate increases negatively impacting young families, seniors, and retirees, or hotel development projects negatively impacting water supplies and City resources. Comments also included suggestions to defer rate increases for customers with documented reductions in water consumption levels, as well as pursuing alternative technologies to ensure adequate water supplies in the future:

- Anita Shower, Grover Beach resident;
- Ken Lehmann, Grover Beach resident;
- Karen Bright, Grover Beach resident and former Council Member;
- Leticia Soria, Grover Beach resident;
- Staci Weissman, Grover Beach resident;
- Nicole Ortega, Grover Beach resident;

- Terry Wingate, Grover Beach resident;
- Sharon Brown, Grover Beach resident;
- John Wysong, Grover Beach resident;
- Bill Compton, Grover Beach resident;
- Robert Robert, Grover Beach resident; and
- Wayne Montgomery, Grover Beach resident.

There were no further public comments received and Mayor Shoals closed the Public Hearing.

Upon request, City Manager Bronson summarized the purpose of the proposed rate increases. He also outlined operating costs, described capital project infrastructure needs, and noted the need to build up reserves to allow for the purchase of an emergency water supply should it become necessary as a result of drought conditions.

City Attorney Hale briefly outlined the requirements for conducting a protest hearing for the proposed rate increases.

Discussion ensued regarding regional recycled groundwater projects, planned water and sewer infrastructure improvements, Water Fund reserves, other potential funding sources to construct infrastructure improvements, whether to anticipate the receipt of Community Development Block Grant Funds, and whether operating costs over the next several years may need to be evaluated. Discussion was also held on whether to delay the effective date of the initial rate increase and the potential impacts that change would have on the Water and Wastewater Funds.

Upon request, the City Clerk announced that a total of 18 protest letters had been received up until the time of the protest hearing and noted that, as referenced in the staff report, there were a total of 4,814 water utility accounts in the city.

Action: It was moved by Council Member Lee and seconded by Mayor Shoals to:

- 1) Allocate a one-time payment from General Fund reserves to the Water Fund;
- 2) Authorize reimbursement to General Fund reserves from the anticipated receipt of HOME/Community Development Block Grant (CDBG) program funds;
- 3) Determine that the number of written protest letters received fell below the 50% threshold of the number of property owners or customers authorized to vote;
- 4) Amend the proposed Resolution amending the Master Fee Schedule to revise the effective date of the initial rate increase to be July 1, 2017 (rather than ~~April 1, 2017~~);
- 5) Schedule future status updates on Water and Wastewater operating budgets and capital improvement projects prior to the effective dates of subsequent rate increases as outlined in the Resolution amending the Master Fee Schedule; and
- 6) Adopt Resolution No. 17-17 amending the Master Fee Schedule, as amended for the date of the initial rate increase, for water and wastewater rates. The motion carried on the following roll call vote:

AYES: Council Members Lee, Nicolls, Mayor Pro Tem Shah, and Mayor Shoals.
NOES: Council Member Peterson.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.

Resolution No. 17-17: A Resolution of the City Council of the City of Grover Beach Amending the Master Fee Schedule for Water and Wastewater Rates.

Council Member Peterson spoke in opposition to the motion, stating that it didn't resolve the current issue regarding the Water and Wastewater Funds and that further discussions should be held during the budget process.

Recess: Upon consensus of the City Council, the meeting recessed at 8:40 p.m.
Reconvene: At 8:51 p.m., the meeting reconvened with all Council Members present.

REGULAR BUSINESS

8. Consideration and Direction on an Ordinance for the Operation and Regulation of Commercial Medical Cannabis Uses.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson provided an overview of a draft regulatory ordinance for the operation and regulation of commercial medical cannabis businesses that may be allowed to operate within the city. He noted that the final draft ordinance was scheduled for introduction and first reading in April.

Discussion ensued regarding the draft regulatory ordinance, with staff responding to questions regarding definitions and terminology, State law, resource requirements to ensure compliance, and the proposed permitting process for commercial medical cannabis businesses. Additional discussion was held regarding materials used during the manufacturing process for cannabis products.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter.

The following persons spoke in support of the proposed ordinance with some individuals describing the procedures for manufacturing cannabis products, the benefits of cannabis products for medicinal purposes or expressed concerns with regard to the proposed timelines for issuing cannabis use permits:

- Maria Roth, representative of the SLO County Cannabis Business Association, who also announced an upcoming informational workshop in Atascadero regarding cannabis;
- Richard Gaither, representative of Genius Extraction Technologies;
- Leland Simpson, Grover Beach resident;
- Todd Mitchell, Grover Beach resident;
- Patty Welsh, Arroyo Grande resident; and
- Laurie Pipan, Grover Beach business owner.

The following persons objected to allowing commercial medical cannabis uses and expressed concerns regarding public safety for existing businesses located in the industrial areas, potential adverse impacts on property values for the surrounding areas, or the use of ethanol for processing cannabis products:

- Paula Richardson, Grover Beach business owner;
- Dr. Bill Lindsay, Arroyo Grande resident and Grover Beach property owner; and
- Wayne Montgomery, Grover Beach resident.

The following person also spoke:

- Sharon Brown, Grover Beach resident, who expressed concerns regarding impacts to local agency regulations when the State finalized its regulations on cannabis.

There were no further public comments received at this time.

Discussion ensued regarding the draft regulatory ordinance, terminology, the proposed application and screening process, work permits, and setback requirements.

11:00 p.m. Rule: At 10:47 p.m., it was moved by Council Member Lee and seconded by Mayor Shoals to continue the meeting past 11:00 p.m. The motion carried on the following roll call vote:

AYES: Council Members Lee, Nicolls, Peterson, Mayor Pro Tem Shah, and Mayor Shoals.
NOES: Council Members - None.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.

Council discussion continued regarding the draft regulatory ordinance, restrictions for on site alcohol sales and consumption, the proposed inspection/enforcement process, requirements to indemnify the City, identifying supply sources, and the proposed process and minimum requirements for background checks conducted on owners and employees of potential commercial cannabis business.

Upon request, Todd Mitchell and Leland Simpson responded to questions from the Council regarding their respective experiences in other jurisdictions with having a background check conducted.

Council discussion resumed regarding the draft regulatory ordinance, signage, restrictions that prohibited loitering, whether to permit Level 1 and/or Level 2 manufacturing, the proposed safety/security plan measures, and the requirements for testing facilities.

Action: Upon consensus, the City Council provided input to staff regarding the draft regulatory ordinance to operate and regulate commercial medical cannabis uses, with first reading of the revised ordinance scheduled for Council consideration in either late April or early May.

PULLED CONSENT AGENDA ITEMS

4. FY 2015-16 Comprehensive Annual Financial Report.

Upon request, Administrative Services Director Chapman responded to questions from the Council regarding the FY 16 Comprehensive Annual Financial Report, which was completed by the independent auditing firm of Moss, Levy and Hartzheim.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter.

Adam Guise, representative for the firm Moss, Levy and Hartzheim, described the extended review process during the recent audit as a result of the City's transition to a new accounting software system.

There were no further public comments received at this time.

Action: It was moved by Council Member Peterson and seconded by Council Member Lee to receive and file the FY 2015-16 Comprehensive Annual Financial Report. The motion carried on the following roll call vote:

AYES: Council Members Lee, Nicolls, Peterson, Mayor Pro Tem Shah, and Mayor Shoals.
NOES: Council Members - None.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.

COUNCIL COMMITTEE REPORTS

Council Member Lee stated that he had no committee reports at this time.

Council Member Nicolls stated that she had no committee reports at this time.

Mayor Pro Tem Shah reported on the meeting of the Air Pollution Control District.

Mayor Shoals reported on the meeting of the South San Luis Obispo County Sanitation District.

Council Member Peterson reported on the meeting of the San Luis Obispo County Water Resources Advisory Committee.

COUNCIL COMMUNICATIONS

Mayor Pro Tem Shah announced details of an upcoming book sale at the Grover Beach Library.

CITY MANAGER'S REPORTS AND COMMENTS

City Manager Bronson announced the following:

- *Street Repairs* - Three separate work crews were conducting pothole repairs citywide and the Council was scheduled to receive an update on the City's Street Rehabilitation and Repair Program at the next regular City Council meeting;

- *Emergency Funding for a Warming Center* - In follow-up to Council action taken on February 21, 2017 to allocate funding to the 5CitiesHomeless Coalition for a temporary warming center in the South County area, financial commitments have been confirmed from the Cities of Arroyo Grande and Pismo Beach, as well as the County of San Luis Obispo, which would augment funds raised by the Coalition at a recent charity golf tournament; and
- *Special City Council Meeting* - The City Council was scheduled to discuss major City goals for the coming fiscal year at a Special Meeting on Saturday, March 11, 2017 at the Ramona Garden Park Center.

CITY ATTORNEY'S REPORTS AND COMMENTS

None at this time.

CLOSED SESSION

None at this time.

ADJOURNMENT

There being no further business to come before the City Council, Mayor Shoals adjourned the meeting at 12:12 a.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 06/19/2017)