

**MINUTES
CITY COUNCIL MEETING
MONDAY, MAY 1, 2017**

CALL TO ORDER Mayor Shoals called the meeting to order at 6:00 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 Stephanie Mora Martinez, a 9-year-old, 4th grade student at Grover Beach 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, Administrative Services Director Gayla Chapman, Community Development Director Bruce Buckingham, Public Works Director/City Engineer Greg Ray, and Parks & Recreation Program Director Kathy Petker were also present.

Also present were Fire Chief Steve Lieberman and Battalion Chief Riki Heath, Five Cities Fire Authority, and John Larsen, Rincon Consultants.

CLOSED SESSION ANNOUNCEMENTS

None at this time.

AGENDA REVIEW

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

CEREMONIAL CALENDAR

1. Proclamation Declaring “National Travel and Tourism Week” May 7-13, 2017.

Mayor Shoals read the Proclamation into the record. It was noted that there was no representative scheduled to receive it.

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. No one responded and the Mayor closed the Public Communications segment for this portion of the meeting.

CONSENT AGENDA

Upon unanimous consensus, the City Council approved Consent Agenda Item Nos. 2, 3, and 4, as recommended.

2. Treasurer’s Report for the Period April 7, 2017 – April 21, 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 April 7, 2017 – April 21, 2017.

Action: Approved the Treasurer’s Report as submitted.

4. Minutes of the City Council Meetings on February 6, 2017 and February 16, 2017.

Action: Approved the minutes as submitted.

PUBLIC HEARING

At this time Council Member Peterson declared a conflict of interest regarding Public Hearing Agenda Item No. 5, due to both her residence and business being located within 500 feet of the area proposed to allow commercial medical cannabis uses. She then stepped down from the dais and left the Council Chambers.

5. Introduction and First Reading of Ordinances to Amend Article III and Article IX of the Grover Beach Municipal Code and Approve a Local Coastal Program Amendment to Allow the Establishment, Operation, and Regulation of Commercial Medical Cannabis Uses (Development Application 16-35).

Mayor Shoals read the title to the foregoing item, declared the Public Hearing open, and deferred to staff for a report. City Manager Bronson provided introductory remarks. Community Development Director Buckingham gave an overview of the State's regulations regarding medical cannabis and the required two-step permitting process for applicants to operate commercial medical cannabis uses within the city. Additionally, he reviewed the recommendations from the Planning Commission for a Municipal Code and Local Coastal Program Amendment and the associated Negative Declaration on a land use ordinance to allow the establishment of commercial medical cannabis uses in the City's three industrial zones. He then described key provisions in the draft land use ordinance. He concluded his presentation with an overview of a proposed regulatory ordinance to establish regulations and operational requirements for commercial medical cannabis businesses to operate within specified zones. Staff and the City's consultant, John Larsen of Rincon Consultants, then responded to questions from the Council.

Discussion ensued regarding the draft land use and regulatory ordinances, background research conducted in preparing the draft ordinances, terminology, water conservation technologies, and the anticipated time frame for the Coastal Commission to complete its review of the Local Coastal Program Amendment.

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 ordinances:

- Marie Roth, representative of the SLO County Cannabis Association;
- Ali Cooper, did not state her place of residence or specific business affiliation;
- Craig Smith, Grover Beach resident;
- David Separzadeh, Paramount Investment Group;
- Constance McLaughlin-Miley, Sweet Green Apothecary;
- Wendy Cronin, San Luis Obispo resident; and
- Cynthia Gonzales, Elite Care.

The following persons spoke in opposition to the proposed ordinances, stating properties in the industrial areas would be sold at over-inflated prices, existing businesses were being forced to relocate, there was insufficient notice provided to property owners regarding the proposed ordinances; described potential negative impacts from increased traffic and odors; and objected to cannabis uses being located within close proximity to facilities with youth-oriented activities:

- Lynette Navarro, Grover Beach resident and business owner in the industrial area;
- Terry Mikolatcha, Grover Beach business owner in the industrial area, but then declared his willingness to sell his property if offered a sufficient sale price; and
- Ann Balasuriya, Grover Beach business owner of a preschool near the industrial area.

The follow persons also spoke:

- Rodney Greenelsh, Grover Beach business owner in the industrial area, expressed concerns with regard to audit controls for an industry operating primarily as an all-cash business and the need for increased security levels at cannabis facilities; and
- Debbie Peterson, speaking as a Grover Beach resident and business owner, expressed concerns that an over concentration of a single industry in the industrial areas might negatively impact existing businesses.

There were no further public comments received at this time and the Mayor closed the Public Hearing.

Council discussion continued on the draft land use and regulatory ordinances with staff responding to questions regarding the processes proposed for permitting cannabis uses and auditing the permitted businesses. Additional discussion was held on business retention and neighborhood concerns, the public notification process, cannabis manufacturing processes, setback requirements for schools, and whether the nearby

preschool met the State's definition of a "school". It was noted that staff would be developing design standards for cannabis facilities and scheduling the matter for Council consideration at a later date.

Action: It was moved by Mayor Pro Tem Shah and seconded by Council Member Lee to adopt Resolution No. 17-22 adopting the Negative Declaration. The motion carried on the following roll call vote:

AYES: Council Members Lee, Nicolls, Mayor Pro Tem Shah, and Mayor Shoals.
NOES: Council Members - None.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.
RECUSED: Council Member Peterson (due to a conflict of interest).

Resolution No. 17-22: A Resolution of the City Council of the City of Grover Beach, California, Adopting a Negative Declaration for the Commercial Medical Cannabis Ordinances.

Further Council discussion was held on the proposed land use ordinance, with staff and John Larsen of Rincon Consultants responding to questions regarding terminology, whether to establish an upper limit on cultivation activities, monitoring water usage levels once cannabis facilities were in operation, and the estimated time frame for staff to process the use permits.

Regulatory Ordinance: Additional discussion was held on the draft ordinance, with direction provided for edits as follows (deletions denoted with ~~strikeout~~ font, added text denoted with double underline font):

- page 9: Section 4000.40(A)(2) - "In the event of an application for renewal of a Commercial Cannabis Permit, it shall be filed at least sixty (60) calendar days prior to the expiration date of the permit with the City Manager or his/her designee. The permit's term will be extended ~~for ninety (90) days if a renewal application is timely submitted and City by its own negligence or malfeasance fails to renew by the expiration date~~ until such time the City takes action.";
- page 12: Section 4000.60 (B) - "...at a prominent and readily-visible location on the outermost garment ~~and approximately chest high~~";
- page 13: Section 4000.80 - "Location of Commercial Cannabis Business ~~400-Foot Setback from Residential Zones~~;
- page 18: Section 4000.160 (F) - [insert information for an administrative hearing process]; and
- page 23: Section 4000.210 (A) - "Any Person issued a permit pursuant to this Chapter must follow all pesticide use requirements of local, state and federal law. The ~~San Luis Obispo County Agricultural Commissioner~~ City may inspect the Commercial Cannabis Business at any time during business hours to ensure compliance with this Section."
- page 23: Section 4000.210 (C) - Any Person issued a permit pursuant to this Chapter must follow all local, state and federal requirements for solid waste and hazardous waste disposal. The ~~San Luis Obispo County Health Agency~~ City may inspect the Commercial Cannabis Business at any time during business hours to ensure compliance with this Section.

Land Use Ordinance: Discussion continued on the draft ordinance, with staff responding to questions regarding the proposed use permit application process. Direction was provided for minor edits as follows:

- page 7: Section 4.10.045 (C) - "...A land Use Permit shall be approved by the Council to ensure compliance with this Section and a Coastal Development Permit shall be required when located in the Coastal Zone. Approval of a land Use Permit does not allow the applicant to operate until a Commercial Cannabis Permit is approved..."

Action: It was moved by Council Member Lee and seconded by Council Member Nicolls to: 1) conduct first reading, by title only, and introduce Ordinance No. 17-05, as amended, amending Article IX of the Grover Beach Municipal Code to allow the establishment, operation and regulation of commercial medical cannabis uses; and 2) schedule second reading and adoption at the next regular City Council meeting on Monday, May 15, 2017.

The motion carried on the following roll call vote:

AYES: Council Members Lee, Nicolls, Mayor Pro Tem Shah, and Mayor Shoals.
NOES: Council Members - None.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.
RECUSED: Council Member Peterson (due to a conflict of interest).

Ordinance No. 17-05: An Ordinance of the City Council of the City of Grover Amending Grover Beach Municipal Code Sections 2.40.020, 2.40.030, 6.10.020, and 9.10.020 of Article IX, and Adding Section 4.10.045 of Article IX, to Allow the Establishment of Commercial Cannabis Uses for the Cultivation, Manufacturing, Dispensation, Transportation, Distribution and Testing of Medical Marijuana and Medical Marijuana Products. (First Reading only.)

Action: It was moved by Council Member Lee and seconded by Council Member Nicolls to: 1) conduct first reading, by title only, and introduce Ordinance No. 17-06, as amended, amending Article III of the Grover Beach Municipal Code, and 2) schedule second reading and adoption at the next regular City Council meeting on Monday, May 15, 2017. The motion carried on the following roll call vote:

AYES: Council Members Lee, Nicolls, Mayor Pro Tem Shah, and Mayor Shoals.
NOES: Council Members - None.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.
RECUSED: Council Member Peterson (due to a conflict of interest).

Ordinance No. 17-06: An Ordinance of the City Council of the City of Grover Beach Repealing Chapter 1.2, Article III, Medical Marijuana Dispensaries, and Adding Chapter 18, Article III of the Grover Beach Municipal Code to Allow the Establishment, Operation and Regulations of Commercial Cannabis Uses for the Cultivation, Manufacturing, Dispensation, Transportation and Testing of Medical Marijuana and Medical Marijuana Products. (First Reading only.)

Action: It was moved by Council Member Lee and seconded by Mayor Pro Tem Shah to adopt Resolution No. 17-23 approving a Local Coastal Program Amendment. The motion carried on the following roll call vote:

AYES: Council Members Lee, Nicolls, Mayor Pro Tem Shah, and Mayor Shoals.
NOES: Council Members - None.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.
RECUSED: Council Member Peterson (due to a conflict of interest).

Resolution No. 17-23: A Resolution of the City Council of the City of Grover Beach Authorizing and Directing the Community Development Director to Submit the Local Coastal Implementation Amendment Associated with Ordinance No. 17-05 to the California Coastal Commission for Final Certification.

Additional discussion was held on whether the City could offer some form of assistance to existing businesses for purposes of business retention.

In conclusion, City Manager Bronson summarized the permit application process once the two ordinances were adopted. He noted that the resource requirements to process the applications and monitor permitted businesses would be included in the proposed budget for the next fiscal year.

At this time Council Member Peterson returned to the dais.

REGULAR BUSINESS

None at this time.

PULLED CONSENT AGENDA ITEMS

None at this time.

COUNCIL COMMITTEE REPORTS

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

Council Member Nicolls reported on the meetings of the Arroyo Grande & Grover Beach Chamber of Commerce, Community Action Partnership of San Luis Obispo County, and South County Transit.

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

Mayor Pro Tem Shah reported on the meeting of the Homeless Services Oversight Council and announced details of a Veteran's Stand Down event to be held in San Luis Obispo. She later described topics scheduled for discussion at the next meeting of the South County Homeless Services Task Force Committee. Brief discussion was held on concerns received with regard to potential locations for another MASH event as well as a temporary Warming Center.

Mayor Shoals reported on the meeting of the Five Cities Fire Authority and outlined items to be discussed at the next meeting of the South San Luis Obispo County Sanitation District.

COUNCIL COMMUNICATIONS

- A. Council Member Lee announced details of the 5Cities Homeless Coalition's office relocation and the organization's upcoming fund raiser dinner event.

CITY MANAGER'S REPORTS AND COMMENTS

City Manager Bronson noted that the Council was scheduled in June to review the City's water conservation measures and review the current requirements under a Stage 3 Water Shortage Stage of Action.

CITY ATTORNEY'S REPORTS AND COMMENTS

None at this time.

CLOSED SESSION

At 8:59 p.m., the Council met in Closed Session regarding the following item:

1. Conference with Real Property Negotiators
Pursuant to Government Code Section 54956.8
Property: APN 060-206-029
Agency negotiator: City Manager Bronson
Negotiating party: Union Pacific Railroad
Under negotiation: Price and Terms and Conditions of Payment Regarding
Lease or Acquisition

Closed Session Announcements: At 9:19 p.m., Mayor Shoals reconvened the meeting in open session with all Council Members present. It was announced that there were no reportable actions taken during Closed Session.

ADJOURNMENT

There being no further business to come before the City Council, Mayor Shoals adjourned the meeting at 9:20 p.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:
/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 08/21/2017)