

**MINUTES
SPECIAL CITY COUNCIL MEETING
THURSDAY, SEPTEMBER 7, 2017**

CALL TO ORDER Mayor Shoals called the meeting to order at 5:30 p.m. in the City Hall Council Chamber, 154 South Eighth Street, Grover Beach, California.

MOMENT OF SILENCE

FLAG SALUTE The flag salute was led by Darianna Leon, an 11-year-old, 6th grade student at Fairgrove Elementary School.

ROLL CALL

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

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

Also present was Fire Chief Steve Lieberman, Five Cities Fire Authority.

CLOSED SESSION ANNOUNCEMENTS

City Attorney Hale read the following announcement:

On Monday, August 21, 2017, after meeting in Closed Session regarding:

1. Conference with Real Property Negotiators
Pursuant to Government Code Section 54956.8
Property: APN 060-381-010, 011
Agency negotiator: City Manager and City Attorney
Negotiating party: Pacifica Companies
Under negotiation: Terms and conditions of potential lease
2. Public Employee Performance Evaluation
Pursuant to Government Code Section 54957
Employee: City Manager

the City Council reconvened into open session and announced there were no reportable actions taken.

PUBLIC COMMUNICATIONS

The Mayor opened the floor to any member of the public for comment on any items listed on the special meeting agenda. No public comments were received at this time.

BUSINESS

1. Review of Scheduled Water and Wastewater Rate Increases.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. Administrative Services Director Chapman provided an overview of scheduled water and wastewater rate increases following a Utility Rate Study and a Proposition 218 Public Hearing held on March 6, 2017. Additionally, she presented an analysis on the current status of the Water Fund and impacts to the fund under various options for the next scheduled rate increase. She then displayed charts of the City's current and proposed water and sewer rates compared with other cities in San Luis Obispo County. She pointed out that water rates in Grover Beach, if the scheduled rate increases were enacted, would be above the countywide average but the combined water and sewer rates would remain below the countywide average given Grover Beach's relatively low sewer rates. In conclusion, she reviewed capital projects funded this year in the Water Fund and described planned infrastructure improvements related to the Measure K-14 Street Rehabilitation and Repair Program. Staff then responded to questions from the Council.

Discussion ensued regarding the status of the Water Fund, Reserve Funds, and capital improvement projects.

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

Eric Hecht, Grover Beach resident, objected to the next scheduled rate increase and suggested implementing incentive programs instead of the rate increase to encourage reduced water use.

Jamie Tucker, Grover Beach resident, suggested offering a program that provided credits to customers who significantly reduced their water usage. She also commented on the condition of Nice Avenue due to street construction work in neighboring areas.

There were no further public comments received at this time.

Discussion continued regarding the proposed rate increases, mandatory reductions in water usage, water conservation and rebate incentive programs offered through the City, and the overall successful conservation efforts achieved to date by the entire community.

Action: It was moved by Mayor Pro Tem Shah and seconded by Council Member Nicolls to receive the report on the status of the Water Fund and the implementation of water and wastewater rate increases, for staff to schedule this matter for further Council consideration in November, and at that time provide the Council with the following information:

- 1) a status update on capital projects funded with Water and Wastewater Funds;
- 2) defer implementing the next rate increase scheduled to occur on October 1, 2017 and instead identify other options for a rate increase at less than 25 percent; and
- 3) analyze the potential impacts if implementation of capital improvement projects were deferred and the potential impacts if General Fund Reserves were used to fund capital improvement projects related to water and wastewater improvements.

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 Member Peterson.
ABSTAIN: Council Members - None.

Recess: Upon consensus of the City Council (Council Member Peterson absent), at 6:12 p.m. the meeting recessed for a brief dinner break.

Reconvene: At 6:32 p.m., the meeting reconvened with all Council Members present (except for Council Member Peterson who was absent from this meeting).

Announcements: At this time Fire Chief Lieberman provided a safety announcement, noted the maximum room occupancy level, and described the suggested method for individuals interested in addressing the Council to submit a speaker request form and queue up at the lectern. Mayor Shoals described the process in which speakers would be called upon.

AGENDA REVIEW

Action: Upon consensus (Council Member Peterson absent), the Council adopted the remainder of 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 any items listed on the agenda.

No public comments were received at this time.

CONSENT AGENDA

It was moved by Council Member Lee and seconded by Mayor Pro Tem Shah to approve Consent Agenda Item Nos. 2, 3, 4, 5, and 6, as recommended. 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 Member Peterson.
ABSTAIN: Council Members - None.

2. **Treasurer's Report for the Period August 17, 2017 to August 30, 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 August 17, 2017 to August 30, 2017.**
Action: Approved the Treasurer's Report as submitted.
4. **Contract Amendment for Video-on-Demand Services for City Council Meetings –** Amending the contract with AGP Video to provide 24/7 video-on-demand access to previously recorded City Council meetings.
Action: Approved the contract amendment with AGP Video for video-on-demand services of City Council meetings and workshops, and authorized the Mayor to execute the contract amendment on behalf of the City.
5. **Requests for No Parking Zones –** Consideration of recommendations from the Traffic Committee regarding red curbing on 922 Front Street in front of the City's Front Street Lift Station and two locations on South 4th Street (north of the fire hydrant at Trouville Avenue and on the opposite side of the street for approximately 35 feet where the street width narrows).
Action: Adopted Resolution No. 17-41.

Resolution No. 17-41: Resolution of the City Council of the City of Grover Beach, California, Establishing No Parking Zones on Portions of Front Street and South 4th Street.
6. **Direction on Resolutions to be Considered at the League of California Cities Annual Conference –** Review of items scheduled for consideration by the General Assembly at the League of California Cities Annual Conference to be held on Friday, September 15, 2017.

Action: Provided direction to the City's voting delegate and alternates to support the two resolutions scheduled for consideration at the League of California Cities Annual Conference.

PUBLIC HEARING

None at this time.

BUSINESS

7. **Commercial Medical Cannabis Dispensary Pre-Application Review.**

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson provided an overview of the regulations adopted in May 2017 to allow commercial medical cannabis uses within city limits and the requirements established to assure the regulatory requirements were met before an applicant could begin operating the business. He then reviewed the pre-application process adopted by the Council in June 2017 for assessing and selecting applicants to proceed in submitting Use Permit and Commercial Cannabis permit applications given the anticipated demand for the current limit of two dispensary permits. He described the process that determined an applicant's eligibility, the rating criteria used by the Staff Selection Committee to assess the pre-applications received, the interview process conducted with each applicant, the final rating

process, and the peer review conducted by HdL Companies that concurred with the outcome of the final ratings. He noted the final outcome of the staff assessment determined seven applications were deemed qualified to operate a dispensary, pending completion of the background check process. Staff then responded to questions from the Council.

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

The following individuals spoke in support of their respective applications for a dispensary permit or in support of their client's dispensary application as noted below:

- Helios Dayspring, applicant, House of Holistics;
- Craig Smith, CRSA Architecture, on behalf of Natural Healing Center;
- Ali Cooper, applicant, Natural Healing Center;
- Todd Mitchell, applicant, Trident Management Solutions;
- Wendy Cronin, applicant, 805 Beach Breaks;
- Brennan Thicke, applicant, Milkman;
- Thomas McAuley, applicant, Milkman;
- Sunni Mullinax, applicant, The Monarch;
- Eric Hecht, applicant, GDI Grover Beach Retail; and
- Ed Esters, applicant, 805 Beach Breaks.

At this time the applicants responded to questions from the Council regarding their respective business proposals and other existing or pending cannabis business interests, if any.

The following persons expressed concerns regarding one or more of the following issues: ensuring local community interests, sufficient security measures, the medicinal quality of the products produced, insufficient relocation assistance for displaced businesses, and/or objected to cannabis operations being allowed near existing youth activities or near residential areas:

- Paulette Messenheimer, Grover Beach resident;
- Gene Quayle, Grover Beach resident;
- Amy Hennings, Arroyo Grande resident;
- Brad Schultz, Pismo Beach resident, co-owner of Coastal Dance and Music Academy, Grover Beach;
- Kathy Schultz, co-owner of Coastal Dance and Music Academy, Grover Beach, who noted she had gathered a petition with 300+ signatures of individuals with similar objections, and disputed the status of negotiations to relocate her business;
- Aaron Vukasovich, Grover Beach resident;
- Jamie Tucker, Grover Beach resident;
- Rachel Dodson, Grover Beach resident;
- Amber Johnson, San Luis Obispo resident;
- Brent Freeby, San Luis Obispo resident, architect for Coastal Dance and Music Academy, and former Grover Beach resident, disputed statements in some of the pre-applications regarding adherence to environmentally friendly business practices and the building condition of a proposed dispensary site on Huston Street; and
- Paula Richardson, co-owner Central Coast Refreshments, Grover Beach.

The following persons spoke in support of dispensary applicants as noted below:

- Patrick Swack, Grover Beach resident, in support of Trident Management Solutions;
- Luis Gonzalez, Santa Maria resident, in support of House of Holistics;
- Knut Siegfried, Pismo Beach resident, in support of House of Holistics;
- Scott Anderson, Grover Beach resident, in support of Trident Management Solutions, but in opposition to cannabis operations being allowed near youth activities;
- Keli Kuhn, San Luis Obispo resident, in support of Natural Healing Center;
- Damien Montoya, San Luis Obispo resident, in support of House of Holistics;
- Chelsea Ray, San Luis Obispo resident, in support of Natural Healing Center;
- Patrick Girgis, Atascadero resident, in support of House of Holistics;
- Sean Despain, San Luis Obispo resident, in support of House of Holistics;
- Margaret Hartley, Santa Maria resident, in support of House of Holistics;
- Antonio Contreras, Santa Maria resident, in support of House of Holistics;
- Kenneth Johnson, Paso Robles resident, in support of House of Holistics;
- Roscoe Doss, Grover Beach resident, in support of Trident Management Systems and 805 Beach Breaks;

- Susan Wood, Los Angeles resident, in support of House of Holistics;
- John Budd, Santa Maria resident, in support of House of Holistics;
- Isaac Wood, San Luis Obispo resident, in support of 805 Beach Breaks;
- Jose Agrusa, Grover Beach resident, in support of The Monarch and commented on the need for a more pro-active code enforcement program and a dedicated code enforcement officer;
- Jim Kosvanec, Morro Bay resident, in support of 805 Beach Breaks; and
- Stephen Dorsi, Arroyo Grande resident, in support of GDI Grover Beach Retail.

The following persons spoke in support of increasing the number of allowable dispensaries:

- Eamon Lacy, Avila Beach resident; and
- Marck Jarrosiak, Grover Beach resident.

At this time Mayor Shoals offered the applicants an opportunity to respond to some of the concerns raised by members of the public:

- David Separzadeh, applicant, Natural Healing Center, described relocation and assistance efforts with owners of businesses offering services to children and displayed a rendering of a proposed alternate site;
- Sunni Mullinax, applicant, The Monarch, responded to concerns regarding planned safety measures; and
- Representatives of Milkman, GDI Grover Beach Retail, 805 Beach Breaks, House of Holistics, and Trident Management Systems each expressed appreciation for the opportunity to establish a business in Grover Beach and/or reiterated support for their respective applications.

Sharon Brown, Grover Beach resident, commented on private landlord/tenant issues not being within the purview of the City Council and noted the opportunity the new cannabis industry presented to fill vacant commercial and industrial spaces.

There were no further public comments received at this time and the Council thanked all those who took the time to attend the meeting and present testimony in a civil and respectful manner.

Recess: Upon consensus of the City Council (Council Member Peterson absent), the meeting recessed at 9:16 p.m.

Reconvene: At 9:34 p.m., the meeting reconvened with all Council Members present (except for Council Member Peterson who was absent from this meeting).

Discussion ensued regarding the quality of the applications received, background checks yet to be completed, preserving local interests, the necessary steps required if the Council might be interested in increasing the allowable number of dispensaries, being sensitive to concerns regarding neighborhood compatibility, concerns regarding over concentrating dispensaries in one area, and whether to allow the seven eligible applicants to proceed with submitting a Use Permit application.

Action: Upon consensus (Council Member Peterson absent from this meeting), the Council:

- received the staff review and assessment of 12 submitted commercial medical cannabis dispensary pre-applications;
- affirmed that the following top seven (7) applicants were qualified to be placed on the eligibility list: Milkman, The Monarch, Natural Healing Center, GDI Grover Beach Retail, Trident Management Solutions, 805 Beach Breaks, and House of Holistics;
- the top two applicants would then be allowed to proceed in submitting a Use Permit application, subject to completion and successful clearance of background reviews;
- for staff to provide additional information to the Council regarding characterization of the proposed uses, compatibility of the proposed business locations, and address the concern regarding concentration of dispensaries; and
- schedule a special City Council meeting on Thursday, September 25, 2017, to continue the discussion on establishing a final Eligibility Ranking List to identify the top two applicants allowed to proceed in submitting a Use Permit application.

Discussion continued on the applications received to operate a commercial medical cannabis business that did not include a dispensary component.

Action: Upon consensus (Council Member Peterson absent from this meeting), the Council provided further direction for staff to proceed with processing those applications.

Additional Council discussion was held on whether to consider increasing the number of allowable dispensaries at some point in the future or postponing that discussion until the impacts from two operating dispensaries could be sufficiently evaluated. The Council thanked and commended staff for their work on the staff review and assessment of the pre-applications.

COUNCIL COMMITTEE REPORTS

Mayor Pro Tem Shah reported on the meeting of the Homeless Services Oversight Council and announced the location of the warming center for the upcoming winter months.

All other Council Committee reports were deferred to the next meeting.

Council Member Peterson was absent from this meeting.

COUNCIL COMMUNICATIONS

- A. Council Member Lee announced details of the Empty Bowls event to benefit the 5Cities Homeless Coalition. He also noted that he would be attending an upcoming meeting of the Integrated Waste Management Authority and the meeting of the California Coastal Commission being held in Cambria that included a discussion on the Oceano Dunes State Vehicular Recreation Area. He then announced that the next Grover Beach Clean Up Day event would be held on Saturday, September 16, 2017.

CITY MANAGER'S REPORTS AND COMMENTS

City Manager Bronson announced further details regarding the Grover Beach Clean Up Day event. He then provided verbal progress reports on the Street Rehabilitation and Repair Program and the Golden West Park Improvement Project.

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 10:26 p.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 11/20/2017)