

**MINUTES
CITY COUNCIL MEETING
MONDAY, JANUARY 22, 2018**

CALL TO ORDER Mayor Shoals called the meeting to order at 6:00 p.m. in the City Hall Council Chamber, 154 South Eighth Street, Grover Beach, California.

MOMENT OF SILENCE A moment of silence was held for the victims of the Thomas Fire in Santa Barbara County and their families.

FLAG SALUTE The flag salute was led by Council Member Nicolls.

ROLL CALL

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

City Staff: City Manager Matthew Bronson, City Attorney David Hale, City Clerk Donna McMahon, Police Commander Tim Miller, Administrative Services Director Gayla Chapman, Community Development Director Bruce Buckingham, Public Works Director/City Engineer Greg Ray, and Senior Planner Rafael Castillo were also present.

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

CLOSED SESSION ANNOUNCEMENTS

None at this time.

AGENDA REVIEW

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

CEREMONIAL CALENDAR

1. **Introduction of New City Employees - Nicholas Lupoli, Code Compliance Officer; Rafael Castillo, Senior Planner; Jon Groden, Information Technology Specialist; Karla Mattocks, Management Analyst-Human Resources; and Cody Westbay, Deputy City Clerk/Administrative Specialist.**

Mayor Shoals deferred to City Manager Bronson and staff for the introduction of new employees. Community Development Director Buckingham introduced Code Compliance Officer Nick Lupoli and Senior Planner Rafael Castillo. Administrative Services Director Chapman introduced Information Technology Specialist Jon Groden. City Manager Bronson introduced Management Analyst-Human Resources Karla Mattocks and Deputy City Clerk/Administrative Specialist Cody Westbay.

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. Jocelyn Brennan, Chief Executive Officer, Arroyo Grande & Grover Beach Chamber of Commerce, introduced herself and invited the Council to attend the Chamber's Annual Installation Dinner on February 1, 2018. She noted the event would also include presentations to the 2017 Grover Beach Citizen of the Year recipient Betsy Ehrler in recognition of her work through the People's Kitchen program to provide meals for the homeless and to the Directors Award recipient Katcho Achadjian for his long-standing record of support for businesses and the Chamber.
- B. John Wysong, Grover Beach resident, objected to having received a notice to reduce water consumption, expressed concerns with traffic on Oak Park Boulevard, and spoke in support of placing a stop sign and crosswalk at the intersection of Oak Park Boulevard and Brighton Avenue. He also expressed concerns with delayed street repairs on North 16th Street.

No further public comments were received at this time.

Upon request, City Manager Bronson described repairs being completed on North 16th Street, which involved water and sewer utility lines as well as concrete work, and noted that street paving would follow thereafter.

CONSENT AGENDA - CITY COUNCIL

Prior to consideration of the Consent Agenda, Item No. 7 was pulled pursuant to the request of Mayor Shoals, stating that it would be heard after Item Nos. 8 and 9. Council Member Peterson commented that she disagreed with placing the Comprehensive Annual Financial Report, Item No. 6, on the Consent calendar and expressed concerns that the document wasn't distributed earlier to provide for more review time. It was then moved by Council Member Peterson and seconded by Council Member 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 Nicolls, Peterson, Shah, Mayor Pro Tem Lee, and Mayor Shoals.
NOES: Council Members - None.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.

2. **Treasurer's Report for the Period January 4, 2018 through January 18, 2018.**
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 January 4, 2018 through January 18, 2018.**
Action: Approved the Treasurer's Report as submitted.
4. **Treasurer's Report for the 2017 Streets Bond Account - \$15,000,000 (Measure K-14: Grover Beach Street Rehabilitation; Safety Improvement Bond Measure) for the Period January 4, 2018 to January 18, 2018.**
Action: Approved the Treasurer's Report as submitted.
5. **Minutes of the City Council Meeting on October 2, 2017.**
Action: Approved the minutes as submitted.
6. **FY 2016-17 Comprehensive Annual Financial Report.**
Action: Received and filed the FY 2016-17 Comprehensive Annual Financial Report.

ORDER OF THE DAY: Upon consensus of the City Council under Agenda Review, the Order of the Day was amended to consider Consent Agenda Item Nos. 8 and 9 prior to Consent Agenda Item No. 7.

THE CITY COUNCIL SITTING IN ITS CAPACITY AS THE SUCCESSOR AGENCY TO THE DISSOLVED GROVER BEACH IMPROVEMENT AGENCY.

Upon request, City Manager Bronson confirmed that supplemental information placed at the dais for Item No. 9 was a duplicate copy of the document referenced in the staff report and forwarded to the Council after the agenda packet had been finalized and distributed. Upon request, Administrative Services Director Chapman provided further clarification regarding a payment listed in that same document. It was moved by Council Member Peterson and seconded by Council Member Nicolls to approve Consent Agenda Item Nos. 8 and 9 as recommended. The motion carried on the following roll call vote:

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

8. **Consulting Services for Bond Disclosure Advisor - Consulting Services Agreement with Albert Peché of A. M. Peché & Associates, LLC, for bond disclosure services for the 2005 Tax Allocation Bonds.**
Successor Agency Action: Adopted Resolution No. SA-18-01 approving the Consulting Services Agreement for Bond Disclosure Advisor for the 2005 Tax Allocation Bonds.
Resolution No. SA-18-01: Consulting Services Agreement for Bond Disclosure Advisor for the 2005 Tax Allocation Bonds.

9. **Annual 2018-19 Recognized Obligation Payment Schedule** - Recognized Obligation Payment Schedule (Annual ROPS 18-19) for the period July 1, 2018 to June 30, 2019.

City Council Action: Adopted Resolution No. 18-05 authorizing the loan repayments.

Resolution No. 18-05: A Resolution of the City Council of the City of Grover Beach, California, Adopting the 1st Amendment to the Annual Appropriation Resolution No. 17-34 for Reimbursement of Loan Repayments Disallowed by the Department of Finance.

Successor Agency Action: Adopted Resolution No. SA-18-02 approving the 2018-19 Recognized Obligation Payment Schedule (ROPS) sitting as the Successor Agency to the Grover Beach Improvement Agency, and authorized the City Manager to present the ROPS to the Oversight Board for its consideration and approval.

Resolution No. SA-18-02: A Resolution of the Successor Agency to the Dissolved Grover Beach Improvement Agency Approving and Adopting a Draft of the Recognized Obligation Payment Schedule (ROPS) Pursuant to Health and Safety Code Section 34177(I).

CONSENT AGENDA - CITY COUNCIL (Continued)

7. **Second Reading and Adoption of an Ordinance to Regulate the Use of Expanded Polystyrene Products.**

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

Elizabeth Bowers, representing the Expanded Polystyrene Industry Alliance, spoke in opposition to the ordinance. She requested the Council delay implementation of the new regulations until the supporting data was further verified and described additional studies being conducted on this matter.

Dr. Kathleen Curtis, Grover Beach resident, spoke in support of the proposed ordinance.

Mayor Shoals noted the Council had received supplemental correspondence from Susan Ross, Grover Beach resident, expressing her support of the proposed ordinance.

No further public comments were received at this time.

Upon request, Ms. Bowers responded to questions from the Council regarding additional research being conducted on expanded polystyrene products.

Discussion was held on whether to proceed with adopting the ordinance or continue the matter pending the conclusion of further research. It was noted that regulating the use of expanded polystyrene products had been raised locally over a year and that the regulations could be amended if relevant information was subsequently received. Upon question, staff confirmed that the proposed ordinance was modeled after similar regulations adopted by the cities of San Luis Obispo, Morro Bay, Pismo Beach, and Arroyo Grande. Additional discussion was held on amending the proposed ordinance to delete references to specific quantities related to storm drain litter and floating marine debris.

Action: It was moved by Mayor Pro Tem Lee and seconded by Council Member Peterson to amend the second "Whereas" paragraph on page one of the proposed ordinance as follows (added text denoted with double underline font, deleted text denoted with ~~strikeout~~ font):

"Whereas, according to the California Department of Transportation, Expanded Polystyrene Products (EPS) comprise a portion ~~approximately 15%~~ of storm drain litter and is the second most common form of beach debris in California. Also, plastic products, including polystyrene make up a significant portion ~~80-90%~~ of floating marine debris."

and adopt Ordinance No. 18-01, as amended. The motion carried on the following roll call vote:

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

ORDER OF THE DAY: At this time, the Order of the Day resumed to the agenda as posted.

PUBLIC HEARING

Prior to discussion of Agenda Item No. 10, Council Member Peterson declared a conflict of interest due to both her business and residence being located within 500 feet of the proposed project. She then stepped down from the dais and left the Council Chamber.

10. Development Application 17-42: Request for a Use Permit and Commercial Medical Cannabis Permit to Establish a Commercial Cannabis Facility with Retail, Manufacturing, and Distribution Uses. (Applicant: The Monarch / Banana LLC.; Location: 239 South 3rd Street).

Mayor Shoals read the title to the foregoing item, declared the Public Hearing open, and deferred to staff for a report. Referencing a PowerPoint presentation, Senior Planner Castillo provided an overview of the proposed project, outlined the recommendations from the Planning Commission for approval of the project and noted the applicant, pending obtaining the appropriate State licenses prior to operation, was in compliance with the requirements for the Council to approve the Commercial Cannabis Permit. Staff then responded to questions from the Council.

Mayor Shoals invited the applicant to provide a presentation on this matter and respond to Council questions.

Randy Russum, architect for the applicant, described the design of the proposed facility and outreach conducted to the surrounding neighborhood. He noted the applicant understood and was in agreement with the conditions of approval, and responded to questions from the Council regarding exterior design features and security measures.

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

Sharon Brown, Grover Beach resident, inquired whether an additional permit would be required if the City allowed recreational marijuana at a future date.

City Attorney Hale responded that if the City took action to allow adult use of recreational cannabis in the future, the applicant could apply for an amended permit.

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

Further discussion was held, with staff responding to questions from the Council and providing clarification on the proposed conditions of approval.

Action: It was moved by Mayor Pro Tem Lee and seconded by Council Member Nicolls to:
1) amend the Resolution for a Use Permit and Coastal Development Permit as follows (deleted text denoted with ~~strikeout~~ font, added text denoted with double underline font):
- on page two under Finding No. 3, "A ~~preliminary~~ safety and operations plan has been reviewed and approved by the Police Department to further assure the public safety."
- Condition FD-5: "A dedicated water service, 2 ½" minimum must be supplied for Fire Protection System – to be calculated and approved by Fire Protection Engineer, or as determined by the Fire Chief."
- Condition FD-6. "Fire Department connection must be located at, TBD by the Fire Department or as determined by the Fire Chief."
- Condition FD-11, add "...or in compliance with the California Fire Code";
2) adopt Resolution No. 18-06, as amended, approving Development Application 17-42 for a Use Permit and Coastal Development Permit for Banana LLC, located at 239 South 3rd Street; and

3) adopt Resolution No. 18-07, as presented, approving a Commercial Cannabis Permit for Banana LLC, located at 239 South 3rd Street. The motion carried on the following roll call vote:

AYES: Council Members Nicolls, Shah, Mayor Pro Tem Lee, 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. 18-06: A Resolution of the City Council of the City of Grover Beach Approving Development Application 17-42 for a Use Permit and Coastal Development Permit (239 South 3rd Street).

Resolution No. 18-07: A Resolution of the City Council of the City of Grover Beach Approving a Commercial Cannabis Permit for Banana LLC (239 South 3rd Street).

Recess: Upon consensus of the City Council, the meeting recessed at 7:24 p.m.

Reconvene: At 7:36 p.m., Council Member Peterson returned to the dais and the meeting reconvened with all Council Members present.

11. Development Application 17-25: Request for a Use Permit and Commercial Cannabis Permit to Establish a Commercial Medical Cannabis Facility with Retail, Manufacturing, Cultivation, and Distribution Uses (Applicant: Natural Healing Center / DMM Venture Group LLC; Location: 998 Huston Street).

Mayor Shoals read the title to the foregoing item, declared the Public Hearing open, and deferred to staff for a report. Referencing a PowerPoint presentation, Senior Planner Castillo provided an overview of the proposed project, outlined the recommendations from the Planning Commission for approval of the project and noted the applicant, pending obtaining the appropriate State licenses prior to operation, was in compliance with the requirements for the Council to approve the Commercial Cannabis Permit. Staff then responded to questions from the Council.

Mayor Shoals invited the applicant's representative to give a presentation on this matter.

Craig Smith, applicant's architect, described the design of the proposed facility and noted the applicant had reviewed the staff report and was in agreement with staff's recommendations and the conditions of approval. He then narrated a video with 3D architectural renderings of a completed facility and responded to questions from Council regarding design features and the estimated time frame for the facility to begin operations.

David Cruz, applicant's security consultant, provided a summary of proposed security features for the facility and submitted a written copy of his comments.

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

The following individuals spoke in opposition to the proposed project, citing the project's close proximity to youth activities and/or potential safety concerns with impaired drivers and delivery vehicles:

- Kathy Schultz, owner, Coastal Dance and Music Academy, requested the applicant's Use Permit be approved contingent upon the applicant reaching a settlement with her business. She then submitted a copy of her comments along with a letter from her attorney;
- Sue Davis, Grover Beach resident; and
- Ben Davis, Grover Beach resident.

Ali Cooper, applicant's representative, described university studies that indicated security measures installed at cannabis retail facilities decreased crime rates in the immediate surrounding area. He then provided copies of the two studies cited.

Anthony Wayne Embrey, Grover Beach resident, spoke in support of the new cannabis retailers, but expressed concerns with the potential strain on police and fire resources.

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

Discussion ensued regarding matters that should be negotiated exclusively between a private property owner and tenant without the involvement of local government, the volume of vehicle traffic and parking issues generated by existing youth activities being in conflict with the intended industrial use for that area, set back requirements for a cannabis facility, and the proposed project being in compliance with the City's development standards and Municipal Code requirements. Additional discussion was held on impacts of the new cannabis industry on existing businesses, the local economy, and anticipated infrastructure improvements.

Action: It was moved by Council Member Shah and seconded by Mayor Pro Tem Lee to:

1) amend the Resolution for a Use Permit to add the following text (denoted with double underline font):

- Conditions FD-5 and FD-6: "...or as approved and determined by the Fire Chief."
- Condition FD-16, include "...the door hardware shall be in compliance with the California Fire Code."

2) adopt Resolution No. 18-08, as amended, approving Development Application 17-25, for a Use Permit, located at 998 Huston Street; and

3) adopt Resolution No. 18-09 approving a Commercial Cannabis Permit for DMM Venture Group LLC (David Separzadeh), located at 998 Huston Street. The motion carried on the following roll call vote:

AYES: Council Members Nicolls, Peterson, Shah, Mayor Pro Tem Lee, and Mayor Shoals.

NOES: Council Members - None.

ABSENT: Council Members - None.

ABSTAIN: Council Members - None.

Resolution No. 18-08: A Resolution of the City Council of the City of Grover Beach Approving Development Application 17-25 for a Use Permit (998 Huston Street)

Resolution No. 18-09: A Resolution of the City Council of the City of Grover Beach Approving a Commercial Cannabis Permit for David Separzadeh (998 Huston Street).

The Council encouraged the applicant to continue working with Coastal Dance and Music Academy towards a resolution.

Recess: Upon consensus of the City Council, the meeting recessed at 8:39 p.m.

Reconvene: At 8:45 p.m., the meeting reconvened with all Council Members present.

REGULAR BUSINESS

12. Maintenance of Eucalyptus Trees on City Right-of-Way.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. Referencing a PowerPoint presentation and a map depicting locations of large stands of Blue-Gum Eucalyptus trees located on City right-of-way, Public Works Director/City Engineer Ray provided an overview of tree maintenance options for either removing or pruning the trees. Staff then responded to questions from the Council.

Discussion was held regarding tree maintenance currently being conducted, whether the costs could be recovered from private property owners, potential environmental restrictions, the varied locations of City rights-of-way, and contacting the PG&E vegetation management team to address concerns for trees located near utility power lines.

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

Michelle Sween, Grover Beach resident on South 4th Street, requested placing the highest priority for tree maintenance on the eucalyptus trees located on South 4th Street just south of Highland Way.

Jim Frank, Grover Beach resident on Calvin Court, expressed concerns regarding weed abatement needed on a vacant lot located on Calvin Court.

Anthony Wayne Embrey, Grover Beach resident, inquired whether maintenance issues for private properties could be addressed through local public nuisance regulations.

There were no further public comments received at this time.

Discussion ensued regarding street sweeping being an inadequate solution for the ongoing accumulation of eucalyptus tree debris and the weed abatement process currently administered through the Five Cities Fire Authority. Additional discussion was held on residential areas impacted by the eucalyptus trees, obtaining cost estimates for tree maintenance, re-allocating funds designated for tree planting on addressing tree maintenance needs, and the need for developing a prioritized and phased approach to address tree maintenance. It was noted that the City Council was soon scheduled to discuss Major Council Goals and Capital Improvement Projects, which could include addressing tree maintenance issues.

Action: Upon unanimous consensus, the Council provided direction for staff to use the \$33,000 budgeted for tree maintenance and tree planting to address tree trimming and debris clean up near the residential structures located on South 4th Street and Calvin Court.

13. Economic Development Assistance Policy Framework.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. Referencing a PowerPoint presentation, City Manager Bronson provided an overview of potential incentives and City support for catalyst development projects that further the Council's Economic Development Strategy and generate tax revenues for City services and projects or demonstrate other benefits to the City. He noted those projects included a hotel project at 1598 El Camino Real, a hotel project at 950 El Camino Real, and the Grover Beach Lodge and Conference Center project at the end of West Grand Avenue. He then outlined different tools in the policy framework that could offer various forms of assistance.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter. No public comments were received at this time.

Discussion ensued on the City establishing a time frame with specific project deadlines to ensure developer accountability and identifying expiration dates for receiving City assistance; ensuring infrastructure improvements related to economic development assistance are coordinated with Measure K-14 Street Rehabilitation projects; protecting the City's interest by seeking a third party assessment to verify project financials and economic impacts, unless the project can demonstrate significant public benefit or result in significant private investment; and establishing a \$20 million minimum threshold of private investment before providing City assistance, but also allowing the Council the flexibility to consider other factors such as significant private investment or significant revenue generation in terms of property taxes or transient occupancy taxes. Additional discussion was held on scheduling this matter for further Council consideration and providing information on economic development assistance programs offered by other cities.

Action: Upon unanimous consensus, direction was provided to revise the draft Policy Framework document incorporating the comments provided by the Council along with the following revisions:

- move "Seek third-party assessment of project financials and economic impacts" from the "Policy Considerations" section to be listed in the "Tools" section; and
- move "Permit streamlining" under the "Tools" section to be listed as the second item in that same section.

14. Appointment of Council Members to Various Boards, Commissions and Committees.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson described the process for determining representatives to regional boards, commissions, and committees with Council representation.

Discussion ensued regarding individual member interest and availability in serving as the City's representative or alternate representative.

Council Member Peterson noted FPPC Form 806 for members serving on the South San Luis Obispo County Sanitation District should be revised to indicate the estimated annual income was between \$2,000 and \$3,000 per year.

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

Patricia Price, Arroyo Grande resident, requested the Council reconsider the appointments to the South San Luis Obispo Sanitation District and to appoint Council Member Peterson as the City's representative.

No further public comments were received at this time.

Action: It was moved by Mayor Pro Tem Lee and seconded by Council Member Shah to adopt Resolution No. 18-10 confirming certain Council appointments, and authorize the City Clerk to update FPPC Form 806, as corrected, for posting on the City website. The motion carried on the following roll call vote:

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

Resolution No. 18-10: A Resolution of the City Council of the City of Grover Beach, California, Revising City Council Committee Assignments for Calendar Year 2018.

COUNCIL COMMITTEE REPORTS

Due to the late hour, upon consensus, all Council Committee Reports were deferred to the next regular City Council meeting.

COUNCIL COMMUNICATIONS

None at this time.

CITY MANAGER'S REPORTS AND COMMENTS

None at this time.

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 9:50 p.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 4/2/2018)