

**MINUTES  
CITY COUNCIL MEETING  
MONDAY, APRIL 2, 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**

**FLAG SALUTE** The flag salute was led by Reave Jackson, an 8-year-old, 2<sup>nd</sup> grade student at Grover Heights Elementary School.

**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 Chief John Peters, Administrative Services Director Gayla Chapman, Public Works Director/City Engineer Greg Ray, Community Development Director Bruce Buckingham, Senior Planner Rafael Castillo, Management Analyst-Human Resources Karla Mattocks, and Deputy City Clerk/Administrative Specialist Cody Westbay 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 published.

**CEREMONIAL CALENDAR**

**1. Proclamation Declaring April 2018 as, “Month of the Child” and “Child Abuse Prevention Month”.**

Council Member Peterson read the proclamation and together with members of the City Council presented it to Shannon Pimental, San Luis Obispo County Office of Education. Ms. Pimental, a group of preschool-age children, and parents presented the Council and staff with items regarding “Month of the Child”.

**2. Proclamation Declaring April 2018 as, “Sexual Assault Awareness Month”.**

Council Member Nicolls read the proclamation and together with members of the Council presented it to R.I.S.E. Board Member Garrett Olson. Mr. Olson announced details of upcoming events for “Walk a Mile in Her Shoes”.

Upon request, Mayor Shoals invited comments from the public regarding Ceremonial Item Nos. 1 and 2.

Theresa Wolfe Masicampo, representative of Coastal Thrivers Corporation, described supportive services available through her organization for survivors of sexual assault and child abuse. She then distributed informational materials to the Council.

No further public comments were received at this time.

**3. Proclamation Declaring April 8-14, 2018 as “National Public Safety Telecommunications Week”.**

Council Member Shah read the proclamation and together with members of the Council presented it to Police Chief Peters and Fire Chief Lieberman.

**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. Charles Varni, Oceano resident, described a proposed ballot measure to ban new oil wells and prevent fracking in San Luis Obispo County. He then distributed additional information to the Council on the proposed measure.
- B. Todd Mitchell, Grover Beach resident, announced details regarding a “Walk 4 Autism” event sponsored by the Central Coast Autism Spectrum Center.

There were no further public comments received at this time.

### **CONSENT AGENDA**

Upon question from the Council, City Manager Bronson noted that once the new position of Senior Engineer was filled, in conjunction with the existing position of Capital Improvement Project Manager, this would assist the City transition to in-house staff managing capital improvement projects.

**Action:** It was moved by Council Member Peterson and seconded by Council Member Nicolls to approve Consent Agenda Item Nos. 4, 5, 6, 7, and 8 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.

**4. Treasurer’s Report for the Period March 9, 2018 - March 23, 2018.**

**Action:** Approved the Treasurer’s Report as submitted.

**5. 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 March 9, 2018 - March 23, 2018.**

**Action:** Approved the Treasurer’s Report as submitted.

**6. 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 March 9, 2018 - March 23, 2018.**

**Action:** Approved the Treasurer’s Report as submitted.

**7. Minutes of the City Council Meeting on January 22, 2018.**

**Action:** Approved the minutes as submitted.

**8. Authorization to Establish the Job Classification of Senior Engineer and Affirming the Salary Range - Establishing the new job classification and salary range for Senior Engineer.**

**Action:** Adopted Resolution No. 18-26 amending the Classification and Compensation Plan to authorize a Senior Engineer job classification and amending the number of job classifications authorized.

**Resolution No. 18-26: A Resolution of the City Council of the City of Grover Beach, California, Authorizing the Job Classification of Senior Engineer and Affirming the Salary Range.**

### **PUBLIC HEARING**

None at this time.

## **REGULAR BUSINESS**

**Prior to discussion of Agenda Item No. 9, Council Member Peterson declared a conflict of interest due to her residence and office being located within 500 feet of the industrial zone approved for commercial cannabis businesses. She then stepped down from the dais and left the Council Chamber.**

### **9. Commercial Cannabis Policy Issues.**

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. Referencing a PowerPoint presentation, City Manager Bronson provided a brief overview on the development of ordinances to allow and regulate commercial medical cannabis uses in the city. He described the process conducted for determining qualified applicants, the identification of retailers authorized to proceed through the permit application process, and the Council's subsequent approval to issue Use Permits and Commercial Cannabis Permits for retail storefronts and a manufacturing facility. He noted the City has subsequently received applications for additional commercial medical cannabis businesses. Given the degree of activity, it was requested that the Council evaluate current implementation processes and consider policy issues related to commercial cannabis. Staff then responded to questions from the Council.

Discussion ensued regarding the development applications received, the tax rate structure, regulations and tax rates in other communities, streamlining the review and permit process, and the Coastal Commission's review of amendments to the City's land use regulations. Discussion was also held on the average size of the proposed manufacturing businesses, analyzing unique industry safety measures associated with Level Two manufacturing, requirements for a business tax certificate, and the potential impacts if on-site consumption of cannabis products were to be allowed.

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

Craig Smith, architect, representing Natural Healing Center, spoke in support of re-evaluating the permit fees and tax rate structure for large-scale commercial cannabis facilities with 250,000 square feet of property.

Ali Cooper, representing Natural Healing Center, spoke in support of revising the tax rate structure to initially start at a lower rate that would gradually increase over time. He also spoke in support of allowing Type 7 volatile manufacturing use. Mr. Cooper then spoke in opposition to allowing retail businesses to operate without the requirement of a brick-and-mortar storefront, citing demonstrated investment in the community by commercial cannabis businesses with storefronts.

Todd Mitchell, representing Trident Management Solutions, spoke in support of allowing Type 9 non-storefront retailers and re-evaluating the tax rate structure.

Anthony Wayne Embrey, Grover Beach resident, objected to revising the tax rate structure and expressed concerns with allowing onsite consumption of cannabis products.

Justin Borba, San Luis Obispo resident, owner-operator of a mobile cannabis delivery service, spoke in support of allowing mobile delivery-only cannabis services and allowing volatile manufacturing uses.

Max Poswillo, San Luis Obispo resident, co-owner of a mobile cannabis delivery service, spoke in support of increasing the number of retailers allowed to operate in Grover Beach.

Ben Wooldridge, delivery driver for a mobile cannabis delivery service, spoke in support of allowing mobile delivery-only cannabis services in the city.

Kevin Galvin, Santa Maria resident, spoke in support of reducing the tax rate structure to encourage cannabis businesses to locate and remain in the city.

There were no further public comments received at this time.

- Recess: Upon consensus of the City Council, the meeting recessed at 7:50 p.m.
- Reconvene: At 7:59 p.m., the meeting reconvened with all Council Member present, except for Council Member Peterson who had earlier recused herself from the discussion on Agenda Item No. 9.

Council discussion continued on the development review and permit application process, options for streamlining the process, continuing to provide opportunities to receive public input at Planning Commission and City Council meetings on commercial cannabis businesses, having the City Council continue reviewing applications for retail uses, and authorizing the Planning Commission to review applications for other types of commercial cannabis uses. Additional discussion was held on providing the Council with periodic updates on commercial cannabis permit activity, and conducting further research on business tax certificate requirements for businesses without storefronts located in the city.

At this time it was announced that once discussion on Agenda Item No. 9 had concluded, the Council would take formal action to continue Agenda Item No. 10 to a future meeting.

Further Council discussion ensued regarding whether to allow delivery-only commercial cannabis businesses, public safety resources, building and life safety requirements, the State's regulations regarding adult-use cannabis businesses, scheduling a future date to re-evaluate and re-assess the fees and tax rate structure on commercial cannabis, and the estimated time frame for bringing back ordinance amendments and resolutions for Council consideration. Council Member Nicolls spoke in support of delaying a determination on whether to allow adult-use commercial cannabis businesses in the city until the impacts from allowing the commercial medicinal cannabis industry could be sufficiently evaluated.

**Action:** Upon consensus of the Council (Council Member Peterson absent, due to a conflict of interest), the following direction was provided to staff:

**Development Application Review and Permit Process:**

- Provide periodic updates to Council and the public on commercial cannabis activities;
- The City Council shall continue serving as the review authority for issuing Use Permits for retail uses; and
- Amend the regulations to allow the Planning Commission to be the review authority for all non-retailer uses.

**Retailer Businesses with No Storefront:**

- Conduct further research and provide the Council with an analysis on ancillary commercial cannabis uses allowed by state law;
- Conduct further research and provide the Council with additional information on business tax certificate requirements for businesses without a storefront in the city; and
- Schedule this policy issue for further Council consideration.

**Level Two Manufacturing:**

- Amend the regulations to allow Level Two manufacturing with volatile solvents on a case-by-case basis only, and only after the City has confirmed the installation of sufficient safeguards and the required safety inspections have been completed.

**Adult-Use Commercial Cannabis Businesses:**

- Amend the regulations to allow adult-use (also known as recreational use) commercial cannabis businesses as authorized under state law to operate in the city.

**Onsite Consumption:**

- Conduct further research, identify the additional resources required, and provide the Council with further analysis on whether to allow onsite consumption; and
- Schedule this policy issue for further Council consideration.

**Regulatory Budget and Permit Fees:**

- Reduce the fee for Testing Labs from \$15,000 to \$5,000;
- Reduce the fee for Cultivation over 5,000 square feet from \$20,000 to \$15,000;
- Keep the fee for Manufacturing over \$1 million in gross receipts at \$20,000; and
- schedule a re-evaluation and assessment of commercial cannabis fees during the next budget cycle to ensure full cost recovery.

**Tax Rate Structure:**

- Conduct further research and provide the Council with information on a commercial cannabis tax rate structure under the following tax rate scenarios:
  - a) Retailers at 4% to 5% of gross receipts;
  - b) Manufacturing at 2%, 3%, or 5% of gross receipts;
  - c) Distribution at 2%, 3% or 5% of gross receipts;

- d) Cultivation at \$5 per square foot calculated on the footprint of the entire building, not just the cultivation canopy area; and
- e) Testing labs at a tax rate of zero.

Additional direction:

- Amend the regulations to establish greater restrictions on personal cultivation in residential areas.

Recess: Upon consensus of the City Council, the meeting recessed at 9:51 p.m.

Reconvene: At 10:00 p.m., the meeting reconvened with all Council Members present.

**10. Potential Amendments to the Grover Beach Sign Ordinance (Development Code Section 3.60).**

Action: Upon motion by Mayor Pro Tem Lee, seconded by Council Member Nicolls, and upon unanimous consensus of the Council, Agenda Item No. 10 was continued to the next regularly scheduled City Council meeting on April 16, 2018.

**COUNCIL COMMITTEE REPORTS**

Council Member Shah reported on meetings of the Air Pollution Control District and the Homeless Services Oversight Council. She also commented on topics discussed at a meeting of the South County Homeless Task Force that she and City Manager Bronson had recently attended.

Council Member Peterson reported on the meeting of the Water Resources Advisory Committee, announced details of an upcoming water seminar, and distributed an informational flyer.

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

Mayor Pro Tem Lee reported on the meeting of the Economic Vitality Corporation.

Mayor Shoals reported on the meeting of the Five Cities Fire Joint Powers Authority.

**COUNCIL COMMUNICATIONS**

- A. Council Member Shah commented on a citizen communication regarding disruptive behavior from a short-term vacation rental in a residential neighborhood.

It was noted that the City did not specifically regulate vacation rentals, but that neighborhood preservation was identified as one of the other important City Council goals for the next fiscal year.

Action: Upon consensus of the City Council, direction was provided for staff to develop a fact sheet regarding available resources, contact information, and existing regulations that could assist residents encountering disruptive behavior at short-term vacation rentals.

- B. Council Member Nicolls commented that the South San Luis Obispo County Sanitation District was scheduled to discuss expanding the number of members serving on the board of directors to five members. Upon question, she confirmed there was a delay regarding completion of the District's audit and would follow-up on the status of the matter.

- C. Mayor Shoals commented on a communication received from Dave Mullinax of the League of California Cities requesting letters in opposition to a measure being proposed for the November 2018 ballot called the "Tax Fairness, Transparency and Accountability Act of 2018" that would limit local revenue authority.

Action: Upon consensus of the City Council, direction was provided to invite Mr. Mullinax to provide the Council with a brief overview on the proposed legislation at a future City Council meeting and for the Council to consider whether to take a position on the matter.

**CITY MANAGER'S REPORTS AND COMMENTS**

None at this time.

## **CITY ATTORNEY'S REPORTS AND COMMENTS**

None at this time.

## **CLOSED SESSION**

At 10:14 p.m., the Council met in Closed Session regarding the following items:

1. **Conference with Legal Counsel-Anticipated Litigation**  
Pursuant to Government Code Section 54956.9(d)(2) and 54956.9(e)(3)  
Significant exposure to litigation: (One potential case); and  
Existing facts and circumstances sufficient to conclude the potential for litigation:  
(Receipt of written threat of litigation)
  
2. **Conference with Labor Negotiators**  
Pursuant to Government Code Section 54957.6.  
Agency Negotiator(s): Special Counsel Che Johnson, City Manager Matthew Bronson, Administrative Services Director Gayla Chapman, Assistant Administrative Services Director Eve Byrd, Management Analyst-Human Resources Karla Mattocks, and Accountant Heidi Stockert (May include all or some of the above)  
Employee Group(s): All employee groups  
(Represented: General Employees - (SEIU) Service Employees International Union, Local 620, Grover Beach Police Officers' Association (GBPOA); and  
Unrepresented: Executive Management, Grover Beach Police Management and Confidential Employees Association (GBPM&CEA), Management & Confidential Employees, and Part-time Employees)

At 10:42 p.m. the City Council reconvened with all Council Members present. It was announced that there were no reportable actions taken during the Closed Session.

## **ADJOURNMENT**

There being no further business to come before the City Council, Mayor Shoals adjourned the meeting at 10:43 p.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK  
(Approved at Special CC Mtg 6/19/2018)