

**MINUTES
CITY COUNCIL MEETING
MONDAY, APRIL 16, 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 Saige Hurst, a 10-year-old, 4th grade student at Grover Beach 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, Administrative Services Director Gayla Chapman, Police Chief John Peters, Community Development Director Bruce Buckingham, Public Works Director/City Engineer Greg Ray, Senior Planner Rafael Castillo, and Accountant Heidi Stockert were also present.

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

CLOSED SESSION ANNOUNCEMENTS

City Attorney Hale read the following announcement: On Monday, April 2, 2018 after meeting in Closed Session regarding:

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)

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

AGENDA REVIEW

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

CEREMONIAL CALENDAR

1. **Proclamation Declaring April 27, 2018 as, "National Arbor Day"**.

Mayor Pro Tem Lee read the proclamation into the record. City Manager Bronson accepted it on behalf of the Parks and Recreation Department.

PRESENTATION

2. South County Transit / Regional Transit Authority Consolidation.

Geoff Straw, Executive Director, San Luis Obispo Regional Transit Authority, described the consolidation of South County Transit with the Regional Transit Authority, noted the impacts on existing joint power agreements, and outlined steps necessary to complete the consolidation process. He then responded to questions from the Council. Brief discussion was held on City representation after consolidation of the two separate transit agencies and opportunities for continued input on service levels.

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 countywide ballot measure to ban oil well expansion and fracking. He distributed information on protecting drinking water as well as information on groundwater management.
- B. John Wysong, Grover Beach resident, objected to heavy trucks traveling on newly paved residential streets and the management of street repair projects. He also expressed concerns regarding sufficient water supplies.
- C. Patricia Price, Arroyo Grande resident, commented on City representation at the South San Luis Obispo County Sanitation District and noted a recent District meeting that was held on a Saturday.

No further public comments were received at this time.

CONSENT AGENDA

Consent Agenda Item No. 8 was pulled at the request of Mayor Pro Tem Lee, and Consent Agenda Item No. 9 was pulled at the request of Council Member Peterson and Mayor Shoals.

Action: Upon unanimous consensus, it was moved by Mayor Pro Tem Lee and seconded by Council Member Peterson to approve Consent Agenda Item Nos. 3, 4, 5, 6, and 7 as recommended.

3. Treasurer's Report for the Period March 23, 2018 - April 9, 2018.

Action: Approved the Treasurer's Report as submitted.

4. 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 23, 2018 - April 9, 2018.

Action: Approved the Treasurer's Report as submitted.

5. 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 23, 2018 - April 9, 2018.

Action: Approved the Treasurer's Report as submitted.

6. Minutes of City Council Meeting on February 5, 2018.

Action: Approved the minutes as submitted.

7. 2017 Annual Report on the Status of the General Plan.

Action: Received and filed the General Plan Annual Progress Report and authorized its submission to the State.

PULLED CONSENT AGENDA ITEMS

8. Adoption of Economic Development Assistance Policy Framework.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson outlined the proposed policy framework to provide general guidance for City discussions and negotiations with developers and property owners on potential incentives and City support for current and prospective catalyst economic development projects. He noted revisions incorporated into the policy framework in response to Council input along with other changes recommended by staff. He then responded to comments from the Council regarding streamlining the permit process and increasing the level of in-house project management by City staff.

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.

Further discussion was held on the proposed policy and the Council's authority to consider potential exceptions on a case-by-case basis. Additional discussion was held on whether to amend the proposed threshold levels for private investment or annual tax revenues, and providing some flexibility to consider proposals that did not meet the established minimums but could potentially be of significant benefit to the City.

Action: Upon consensus, direction was provided to amend the resolution and Exhibit A to indicate the Council could consider projects below the identified minimum thresholds that demonstrate other public benefits. It was moved by Council Member Peterson and seconded by Council Member Nicolls to adopt Resolution No. 18-27, as amended, approving a policy framework for providing assistance or incentives to economic development projects that generate significant tax revenues or other benefits to the City. 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. 18-27: A Resolution of the City Council of the City of Grover Beach, California, Approving a Policy Framework for Providing Financial Assistance for Catalyst Economic Development Projects.

9. Resolution Confirming a List of Street Projects Funded by SB 1: The Road Repair and Accountability Act.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. Public Works Director/City Engineer Ray provided a brief overview of Senate Bill (SB) 1 funds anticipated to be received for road maintenance. He then outlined the list of prioritized streets for repair previously approved by the Council.

Brief discussion was held on expanding the list to also include South 4th Street.

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.

Action: It was moved by Mayor Pro Tem Lee and seconded by Council Member Peterson to correct the fiscal year reference in the draft resolution from "Fiscal Year 2019-20" to "Fiscal Year 2018-19" and adopt Resolution No. 18-28, as amended, and to update the list of prioritized streets identified for CIP 2283 to revise the reference for "North 4th Street" to be "4th 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. 18-28: A Resolution of the City Council of the City of Grover Beach, California, Adopting the 2018-2019 SB 1 Project List Road Maintenance and Rehabilitation.

PUBLIC HEARING

10. Annual Master Fee Schedule Update.

Mayor Shoals read the title to the foregoing item, declared the Public Hearing open, and deferred to staff for a report. Accountant Stockert provided an overview of proposed amendments to the Master Fee Schedule, estimated increases in revenue, and proposed adjustments to the City's development impact fees for accessory dwelling units. Staff responded to questions from the Council.

Discussion was held on proposed fees, clarification on the reference to rates for Emergency Water Supply, water rate increases for the average household, pass-through fees, and fees for other utility agencies. Additional discussion was held on the method for determining fees for accessory dwelling units, whether to waive those fees until further review was completed for all development impact fees, incentivizing the development of accessory dwelling units as an affordable housing option, whether to amend the proposed fees for park facility rentals, and fees for fire-related services.

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 and he closed the Public Hearing.

Action: It was moved by Council Member Shah and seconded by Mayor Pro Tem Lee to amend the Master Fee Schedule to: 1) include clarification that the fee for Emergency Water Supply under the category "Water Rates" was applicable only if the Council officially declared a water emergency; 2) include a \$75 deposit fee for rental of a park facility; 3) waive the Development Impact Fees (DIFs) for Accessory Dwelling Units (ADUs) for one year through June 30, 2019; and adopt Resolution No. 18-29, as amended, updating the Citywide Master Fee Schedule approving cost increases based on the Consumer Price Index (CPI) and reflecting costs incurred by the City. 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. 18-29: A Resolution of the City Council of the City of Grover Beach Amending the Master Fee Schedule.

Additionally, direction was provided for staff to conduct further analysis on security deposits collected for park facility rentals and to schedule a future Council discussion on accessory dwelling units.

Recess: Upon consensus of the City Council, the meeting recessed at 7:30 p.m.
Reconvene: At 7:39 p.m., the meeting reconvened with all Council Members present.

REGULAR BUSINESS

11. 2018-19 Budget Development Update.

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 Major City Goal Work Programs, preliminary budget recommendations, potential revenue measures for the November ballot, and funding requests from nonprofit groups and partner agencies. Staff responded to questions from the Council regarding proposed expenditures.

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

The following persons spoke in support of their respective organization's funding request, described services and programs offered and, upon request, responded to questions from the Council:

- Justin McMillan, SLO Noor Foundation;
- Joe Whitaker, Five Cities Diversity Coalition;
- Anne Wyatt, HomeShare SLO, who at this time submitted a letter with her agency's funding request;
- Horace Morana, San Luis Obispo Chapter of SCORE;
- Janna Nichols, 5Cities Homeless Coalition, who submitted a program report describing the services provided and number of clients served for the month of March; and
- Jerry Rioux, San Luis Obispo County Housing Trust Fund.

No further comments were received at this time.

Discussion ensued regarding funding requests, Successor Agency housing funds, Community Development Block Grant (CDBG) funds, and partnering with the Chamber of Commerce to further promote Grover Beach businesses throughout the year as well as at community events such as the Stone Soup Music Festival.

Upon request, Jocelyn Brennan, President/CEO, Arroyo Grande and Grover Beach Chamber of Commerce, responded to questions from the Council regarding funding for the Stone Soup Music Festival and confirmed the Chamber could provide the Council with a presentation on further event details and plans for increasing local business engagement.

Additional discussion was held on funding requests from outside agencies and increasing the proposed amount designated for economic development efforts in the City Manager's Department.

Action: Upon consensus of the City Council, direction was provided as follows:

- 1) Draft 2018-19 budget - Funding for non-profit groups and partner agencies:
 - Non-profit groups = total allocation of \$14,500:
 - SLO Noor Foundation = \$10,000
 - San Luis Obispo Chapter of SCORE = \$2,500
 - Five Cities Diversity Coalition = \$2,000
 - Partner Agencies and Economic Development:
 - Economic Vitality Corporation = \$10,000
 - Arroyo Grande and Grover Beach Chamber of Commerce and Stone Soup "Challenge Match" = \$20,000
 - City Manager's Department/Economic Development line item = additional \$10,000
 - Successor Agency Housing Funds = total allocation of \$15,000:
 - 5Cities Homeless Coalition = \$5,000
 - SLO HomeShare = \$5,000
 - Housing Trust Fund = \$5,000
- 2) Chamber of Commerce - Schedule a presentation by the Chamber of Commerce regarding the two-day Stone Soup Music Festival event and the Chamber's plans to increase local engagement for businesses located along West Grand Avenue.

Council discussion was held on the two proposed revenue measures to increase the City's transient occupancy tax (TOT) and restructure business tax certificate (BTC) rates. The Council expressed interest in receiving additional information before determining whether to place one or more revenue measures on the November 2018 ballot.

Action: Upon consensus of the Council, direction was provided to schedule further Council consideration of the proposed revenue measures and provide the Council with: 1) comparison data of TOT rates in other cities; 2) comparison data of BTC programs in other cities; 3) property taxes paid by local businesses after passage of Measure K-14, the Grover Beach Street Rehabilitation and Safety Improvement Bond Measure; and 4) for staff to conduct outreach and solicit input on the proposed revenue measures from the top five or ten local businesses.

12. Options for Amending the Commercial Cannabis Tax Structure.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson reviewed changes being implemented to the City's land use and regulatory ordinances for commercial cannabis pursuant to Council direction. He noted the Council had also requested further analysis of the commercial cannabis tax structure. He described the current commercial cannabis tax structure, outlined options for potential amendments, and responded to questions from the Council.

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

Marne Trevisano, Grover Beach resident, objected to allowing the cultivation of commercial cannabis within the city.

No further public comments were received at this time.

Further discussion was held on tax structure options, whether to implement a tax cap, tax rates in other communities, and whether to consider adjustments at this time or only under certain circumstances, such as the City receiving fewer commercial cannabis applications than anticipated or in order to remain economically competitive within the industry.

Council Members Peterson and Shah objected to amending the tax rate structure at this time, noting commercial cannabis was a relatively new industry that had not yet fully established in the city. Council Member Peterson also objected to establishing a tax cap, expressing concern it might create an unfair economic advantage for larger businesses.

Action: It was moved by Mayor Pro Tem Lee, seconded by Mayor Shoals to receive the report and for staff to proceed with:

- 1) amending the commercial cannabis tax rate as described in Option 2: 5% for retailers, 3% for manufacturers, distributors, and other commercial cannabis uses, and \$5 per square foot of cultivation per floor area; and
- 2) establishing tax caps so that a business would not pay taxes above a certain level of gross receipts: \$3 million in annual tax revenue for each retailer, \$2.5 million in annual tax revenue for each of the other commercial cannabis license types, except for the cultivation of commercial cannabis which would have no tax cap.

The motion carried on the following roll call vote:

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

Recess: Upon consensus of the City Council, the meeting recessed at 9:49 p.m.

Reconvene: At 9:55 p.m., the meeting reconvened with all Council Members present.

13. Development Application 18-06 – Pre-Application Development Review of Proposed Hotels, Restaurant and Residential Subdivision at 1598 El Camino Real (Applicant: Ram Krupa Real Estate, LLC).

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson provided introductory comments. He noted this was a pre-application on a project proposal in order to receive comments and policy direction from the Council regarding pertinent General Plan land use policies that could affect the project's design as well as a preliminary framework for financial assistance towards a catalyst economic development project.

Referencing a PowerPoint presentation, Senior Planner Castillo provided an overview of the project, outlined constraints with the project site, and described the issues that staff was seeking specific input and direction on from the Council. 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 representatives of the applicant further described the proposed project, spoke in support of the project's design concepts and layout and, upon question, responded to questions from the Council:

- Darshan Patel, Ram Krupa Real Estate;
- Steve Puglisi, architect;
- David Wolf, biological resources consultant; and
- David Watson, planning consultant.

The following individuals also spoke:

- Gene Gliglia, Laguna Court resident, Grover Beach, homeowners' association president, expressed concerns with the number of proposed single-family homes. He suggested revising the project to be only one hotel with a larger restaurant, modifying the buffer area separating nearby residences by increasing the density of planted trees, and increasing the number of on-site parking spaces.
- Loretta Newman, Laguna Court resident, Grover Beach, homeowners' association treasurer, expressed concerns with the proposed removal of mature Oak trees;
- Marne Trevisano, Laguna Court resident, Grover Beach, objected to nearby residents being negatively impacted from increased noise, lights, and dust.

No further public comments were received at this time.

Discussion ensued regarding the riparian habitat, the proposed tree removals, and whether the proposed number of single family homes should be modified.

11:00 p.m. Rule: Upon motion by Mayor Pro Tem Lee, seconded by Council Member Peterson, the Council at 10:55 p.m. authorized continuing the meeting past 11:00 p.m. The motion carried on the following roll call vote:

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

Further Council discussion ensued on the proposed project, reducing the number of trees for removal, the use of single family units as a transition area between land uses, emergency access, increasing on-site parking, and identifying aspects of the project that would be of public benefit in conjunction with considering providing financial assistance.

Representatives of the applicant responded to further questions from the Council:

- David Watson, planning consultant;
- Darshan Patel, Ram Krupa Real Estate; and
- Ron Reilly, Garing Taylor & Associates.

Discussion continued on the proposal for two hotels and a single restaurant, design constraints due to the steep topography in some areas of the project site, and specific design details that were yet to be determined pending further Council input.

Action: Upon unanimous consensus of the City Council, direction was provided to schedule this matter for further consideration at a Special Meeting on Monday, April 30, 2018.

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

Action: Upon unanimous consensus of the City Council, this item was rescheduled to be considered at a future City Council meeting.

COUNCIL COMMITTEE REPORTS

Upon consensus of the City Council, Council Committee Reports were deferred to the next regularly scheduled 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 11:34 p.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 9/17/2018)