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 Jacob Thompson, an 8-year old, 3rd 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, Police Chief John Peters, Administrative Services Director Gayla Chapman, Public Works Director/City Engineer Greg Ray, Parks & Recreation Program Director Kathy Petker, Senior Planner Rafael Castillo, Planner II Janet Reese, and Building/Planning Technician Cassandra Mesa were also present. Also present were Fire Chief Steve Lieberman, Five Cities Fire Authority, and David Mullinax, League of California Cities.

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 the Week of May 13 - 19, 2018 as, “National Police Week”.

Mayor Shoals read the proclamation and together with members of the City Council presented it to Police Chief Peters, Commander Tim Miller, Commander Angelo Limon, and Sergeant Celis Rabena.

PRESENTATIONS

2. Presentation from SLOCOG / RIDESHARE About Bike to Work Day (May 18th) and Bike to School Day (May 9th).

Peter Williamson, Employer Outreach Coordinator, Rideshare, described events scheduled throughout the month of May to celebrate Bike Month, Bike to School Day, and Bike to Work Day.

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 public comments were received at this time.

CONSENT AGENDA

It was moved by Mayor Pro Tem Lee and seconded by Council Member Nicolls to approve Consent Agenda Item Nos. 3, 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.
   **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 April 3, 2018 – May 1, 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 April 3, 2018 – May 1, 2018.  
   **Action**: Approved the Treasurer’s Report as submitted.

6. Minutes of the Following City Council Meetings:  
   Regular City Council Meeting on Tuesday, February 20, 2018;  
   Special City Council Meeting on Friday, February 23, 2018;  
   Special City Council Meeting on Monday, March 5, 2018; and  
   Regular City Council Meeting on Monday, March 5, 2018.  
   **Action**: Approved the minutes as submitted.

7. Appointment of a Representative to the Board of Directors for Visit SLO CAL.  
   **Action**: Adopted Resolution No. 18-30 designating Sam Miller, General Manager for the Grover Beach Holiday Inn Express, to serve as a member of the Visit SLO CAL Board.  
   **Resolution No. 18-30**: A Resolution of the City Council of the City of Grover Beach, California, Appointing a Representative to the Visit SLO CAL Board of Directors.

8. Acquisition of New Emergency Communications Radio System – Three-year financing agreement for the purchase of a new emergency communications radio system for the communications center in the Grover Beach Police Department.  
   **Action**: Adopted Resolution No. 18-31 authorizing the City Manager to enter into an agreement with Government Capital Corporation to finance the purchase of a new Emergency Communications Radio System for the Grover Beach Communications Center.  
   **Resolution No. 18-31**: A Resolution of the City Council of the City of Grover Beach, California Authorizing the City Manager to Enter into a Lease Purchase Agreement with Government Capital Corporation.

**PUBLIC HEARINGS**

Prior to discussion of Agenda Item No. 9, Council Member Peterson declared a conflict of interest due to both her business and residence 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.

   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, City Manager Bronson provided an overview of proposed amendments to the Grover Beach Municipal Code and a Local Coastal Program Amendment to allow adult-use cannabis uses, authorize the Planning Commission to be the Review Authority for non-retailer commercial cannabis uses, allow the issuance of local permits that allow State License Type 7 Level Two manufacturing (with volatile solvents), and the establishment of additional regulations related to personal cultivation. 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. No public comments were received at this time and the Mayor closed the Public Hearing.
Discussion was held regarding the proposed amendments, review authority for non-retailer permits being delegated to the Planning Commission, and the requirements for detached accessory buildings on residential properties.

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

1) Amend the proposed land use ordinance in Part 3, paragraph B, regarding the Review Authority to include language to the effect that for retailers and/or microbusinesses with a retailer use, the Council would be authorized to approve Use Permits and a recommendation by the Planning Commission would not be required; conduct first reading, by title only, and introduce Ordinance No. 10-04, as amended, amending Article IX of the Grover Beach Municipal Code to allow adult use and change the Review Authority;

2) Amend the proposed regulatory ordinance in Part 3, paragraph (B)(1), to include language to the effect that all cultivation of cannabis must take place within a single room of a residential structure or within a detached accessory building that has been issued a City building permit, but would not be allowed within a garage or residential structure; conduct first reading, by title only, and introduce Ordinance No. 10-05, as amended, amending Article III Chapter 18 of the Grover Beach Municipal Code to revise definitions, expand the use of manufacturing Level Two volatile compounds, and revise personal cultivation standards; and

3) Schedule second reading and adoption of Ordinance Nos. 10-04 and 10-5, as amended, and adoption of a Resolution approving a Local Coastal Program Amendment at the next regularly scheduled City Council meeting.

The motion carried on the following roll call vote:

**AYES:** Council Member 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).

**Ordinance No. 18-04:** An Ordinance of the City Council of the City of Grover Beach Amending Article IX Sections 4.10.045, 6.10.020 and 9.10.020 to Allow Adult Use of Cannabis and Modify the Review Authority. (First Reading only.)

**Ordinance No. 18-05:** An Ordinance of the City Council of the City of Grover Beach Amending Chapter 18, Article III of the Grover Beach Municipal Code Amending Subsection (A) of Section 4000.10, Section 4000.20, Section 4000.30, Subsection (A) and (C) of Section 4000.40, Subsection (A) of Section 4000.50, Subdivision (9) of Subsection (A) of Section 4000.160, Subsection (G) and (H) of 4000.200, Subsection (F) of Section 4000.220, Subsection (B) of Section 4000.230, and Section 4000.240 to Revise Definitions, Allow Adult Use Cannabis Businesses, Allow Level Two Manufacturing, Establish Greater Regulations on Personal Cultivation, Allow Medical Cannabis Businesses to Sell to 18 Years of Age and Older Individuals and Make Revisions Consistent With Recent State Law Changes. (First Reading only.)

At this time, Council Member Peterson returned to the dais.

10. Development Application 17-27 – Request for a Development Permit and Tentative Parcel Map for a two unit, two-story Planned Unit Development. **Applicant:** Pace Homes, Inc.; **Project location:** 557 Manhattan Avenue.

Mayor Shoals read the title to the foregoing item, declared the Public Hearing open, and deferred staff to a report. Referencing a PowerPoint presentation, Building/Planning Technician Mesa outlined recommendations from the Planning Commission regarding a Development Permit and Tentative Parcel Map to construct a two unit, two-story Planned Unit Development. She noted staff was requesting Council direction on the abandonment of a portion of right-of-way in the 500 block of Manhattan Avenue. Staff then responded to questions from the Council.

Discussion was held on the abandonment of right-of-way and preserving the public utility easement.
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 request for partial abandonment of right-of-way along Manhattan Avenue:
- Leonard Linger, land surveyor for the applicant; and
- Scott Pace, applicant, who noted the project architect, Greg Soto, was also available to respond to questions from the Council. Upon question, the applicant confirmed his agreement with the recommendations in the staff report and the conditions of approval.

No further public comments were received, and the Mayor closed the Public Hearing.

Additional Council discussion was held on the process for abandoning excess right-of-way, allowing the applicant to proceed with developing the project, and coordinate efforts to subsequently pursue abandonment of excess right-of-way for the entire block. Members of the Council complimented the proposed project design.

Action: It was moved by Council Member Shah and seconded by Mayor Pro Tem Lee to:
1) Adopt Resolution No. 18-32 approving Development Application 17-27, entitling a two-unit Planned Unit Development and Tentative Parcel Map G17-0141 at 557 Manhattan Avenue;
2) Proceed with abandonment of right-of-way for the project frontage only at 557 Manhattan Avenue; and
3) For staff to work with the applicant and affected property owners to pursue a phased approach for abandonment of excess right-of-way for the entire 500 block of Manhattan Avenue.

The motion carried on the following roll call vote:
AYES: Council Member Nicolls, Shah, Peterson, Mayor Pro Tem Lee, and Mayor Shoals.
NOES: Council Members - None.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.

Resolution No. 18-32: A Resolution of the City Council of the City of Grover Beach Approving Development Application 17-27 for a Development Permit and Tentative Parcel Map Located at 557 Manhattan Avenue

Recess: Upon consensus of the City Council, the meeting recessed at 7:22 p.m.
Reconvene: At 7:30 p.m., the meeting reconvened with all Council Members present.


Mayor Shoals read the title to the foregoing item, opened the Public Hearing, and deferred to staff for a report. Referencing a PowerPoint presentation, Senior Planner Castillo presented recommendations from the Planning Commission regarding a Use Permit and Coastal Development Permit to operate a commercial medical cannabis manufacturing and distribution facility in the Coastal Industrial Zone. He then responded to questions from the Council.

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

Skyler Swinney, applicant, spoke in support of the development application. Upon question, the applicant confirmed his agreement with the recommendations in the staff report and the conditions of approval.

Michael Phares, Grover Beach resident, expressed concerns regarding public safety along the South 4th Street area.
Lisa Bugrova, Kirk Consulting, consultant for the applicant, confirmed the applicant planned to request both an adult use and a medicinal commercial cannabis permit. She also responded that there would be no public access to the facility, security controls would be installed as required by the City, and frontage improvements would also be completed.

No further public comments were received, and the Mayor closed the Public Hearing.

Police Chief Peters confirmed that extra patrols could be assigned to the South 4th Street area and provided his contact information to Mr. Phares. Further Council discussion was held on new developments bringing improvements to the South 4th Street area and the Council’s interest in encouraging pedestrian-oriented improvements throughout the industrial area.

**Action:** It was moved by Mayor Pro Tem Lee and seconded by Council Member Nicolls to:
1) Adopt Resolution No. 18-33 approving Development Application 17-50, establishing a commercial medical cannabis facility with manufacturing and distribution uses located at 927 South 4th Street; and
2) Adopt Resolution No. 18-34 approving a Commercial Cannabis Permit for Mary’s Tech CA, Inc.

The motion carried on the following roll call vote:

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

**NOES:** Council Members - None.

**ABSENT:** Council Members - None.

**ABSTAIN:** Council Members - None.

**Resolution No. 18-33:** A Resolution of the City Council of the City of Grover Beach Approving Development Application 17-50 for a Use Permit and Coastal Development Permit Located at 927 South 4th Street.

**Resolution No. 18-34:** A Resolution of the City Council of the City of Grover Beach Approving Development a Commercial Cannabis Permit for Mary’s Tech CA, Inc.


Mayor Shoals read the title to the foregoing item, opened the Public Hearing, and deferred to staff for a report. Referencing a PowerPoint presentation, Planner II Reese presented recommendations from the Planning Commission for a Use Permit to operate a commercial medical cannabis manufacturing and distribution facility in the Industrial Zone. Staff responded to questions from the Council regarding use of a septic system and potential options for connecting to the City’s sewer system.

Council Member Peterson noted that she’d met with the applicants to view the project site.

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

Warren Hamrick, project architect, confirmed that he and the applicants agreed with the recommendations in the staff report and the conditions of approval.

Cory Black, co-applicant, upon question confirmed plans to request permits for both adult and medicinal commercial cannabis uses.

Michael Phares, Grover Beach resident, expressed concerns regarding public safety and the safe disposal of industrial waste byproducts into a septic system.

Warren Hamrick, project architect, described the applicants’ plans for waste disposal and noted the facility would not be open to the public.
There being no further public comments received, the Mayor closed the Public Hearing.

Upon request, Police Chief Peters described security requirements for applicants seeking a commercial cannabis permit and the Police Department’s safety protocols.

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

1) Adopt Resolution No. 18-35 approving Development Application 18-05, establishing a commercial medical cannabis facility with manufacturing and distribution uses located at 1141 Highland Way;

2) Adopt Resolution No. 18-36 approving a Commercial Cannabis Permit for Coastal Business Distribution LLC; and

3) Adopt Resolution No. 18-37 approving a Commercial Cannabis Permit for BS & RG Holdings LLC.

The motion carried on the following roll call vote:

**AYES:** Council Member Nicolls, Shah, Mayor Pro Tem Lee, and Mayor Shoals.

**NOES:** Council Members - None.

**ABSENT:** Council Members - None.

**ABSTAIN:** Council Member Peterson.

**Resolution No. 18-35:** A Resolution of the City Council of the City of Grover Beach Approving Development Application 18-05 for a Use Permit Located at 1141 Highland Way.

**Resolution No. 18-36:** A Resolution of the City Council of the City of Grover Beach Approving a Commercial Cannabis Permit for Coastal Business Distribution LLC.

**Resolution No. 18-37:** A Resolution of the City Council of the City of Grover Beach Approving a Commercial Cannabis Permit for BS & RG Holdings LLC.

13. Development Application 17-47 - Request for a Use Permit and Commercial Cannabis Permit to Establish a Commercial Cannabis Manufacturing Facility. **Applicant:** Central Coast Clear Source LLC; **Project location:** 1091 Highland Way.

Mayor Shoals read the title to the foregoing item, opened the Public Hearing, and deferred to staff for a report. Referencing a PowerPoint presentation, Planner II Reese presented recommendations from the Planning Commission regarding a Use Permit to operate a commercial medical cannabis manufacturing facility in the Industrial Zone. She then responded to questions from the Council regarding Building Code requirements, accessibility, and proposed parking.

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

Warren Hamrick, project architect, described proposed tenant improvements, responded to questions from the Council, and confirmed that he and the applicant agreed with the recommendations in the staff report and the conditions of approval.

Michael Phares, Grover Beach resident, requested and received further information regarding the proposed improvements and planned use of the second floor of the building.

No further public comments were received, and the Mayor closed the Public Hearing.

Further discussion was held regarding parking, proposed tenant improvements, the City’s on-going inspection process of commercial cannabis facilities to ensure compliance, and accessibility requirements.

**Action:** It was moved by Mayor Pro Tem Lee and seconded by Council Member Peterson to take the following actions:

1) Amend the proposed resolution as follows (deleted text denoted with strikethrough font, added text denoted with double underline font):
- Condition CDD-7: Prior to building permit issuance, the building plans shall include the removal of one bathroom and the kitchen on the second floor.
- Condition CDD-8: The second floor may be utilized as office area if the project is in compliance with the City’s parking standards.

2) Adopt Resolution No. 18-39 approving a Commercial Cannabis Permit for Central Coast Clear Source LLC.

The motion carried on the following roll call vote:

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

Resolution No. 18-38: A Resolution of the City Council of the City of Grover Beach Approving Development Application 17-47 for a Use Permit Located at 1091 Highland Way (Applicant: Central Coast Clear Source).

Resolution No. 18-39: A Resolution of the City Council of the City of Grover Beach Approving a Commercial Cannabis Permit for Central Coast Clear Source LLC (1091 Highland Way).

REGULAR BUSINESS


Mayor Shoals read the title to the foregoing item and deferred to staff for a report. Referencing a PowerPoint presentation, City Manager Bronson briefly summarized the Council’s previous discussion on potential changes to the City’s commercial cannabis tax structure and direction to establish a 5% gross receipts tax rate on retailers, a 3% rate on manufacturers, distributors, and other uses, along with a $5 per square foot cultivation tax based on floor area rather than canopy space. He also noted Council’s consideration of establishing tax caps for retailers, manufacturers, distributors, and others that would be based on the amount of City cannabis tax revenue paid by the business. He then presented revised revenue estimates with the amended tax structure and responded to questions from the Council.

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

Anthony Wayne Embrey, Grover Beach, spoke in support of maintaining the current tax rate structure.

No further public comments were received at this time.

Further Council discussion was held on the proposed amendments, whether to establish a tax cap, tax rates implemented in other communities, and ensuring the City’s rate structure was competitive within the industry.

Council Member Shah objected to revising the existing tax rate structure or establishing a tax cap.

Council Member Peterson objected to establishing a tax cap.

Action: It was moved by Mayor Pro Tem Lee and seconded by Council Member Nicolls to amend the draft Resolution as follows (deleted text denoted with strikeout font, added text denoted with double underline font):

- Page 1, delete paragraph 6 entirely: WHEREAS, the initial rate structure under Measure L-16 consists of a 5% tax on all gross receipts of the business for medical cannabis products and a 10% tax on all gross receipts of the business for non-medical cannabis products along with an initial rate for cultivation businesses of $25 per square foot for the first 5,000 square feet of canopy space and $10 per square foot for the remaining space licensed by the City.
- Page 2, amend paragraph 1: WHEREAS, commercial cannabis retail businesses permitted to operate within the city will be taxed initially at an annual rate of 5% of all gross receipts for the business while other commercial cannabis businesses, except for cultivation businesses, will be taxed initially at an annual rate of 3% of all gross receipts for the business;

- Page 2, delete paragraph 2 entirely: WHEREAS, there will be a cap of $3 million in the amount of commercial cannabis tax revenue the City receives from each commercial cannabis retailer and $2.5 million each from other commercial cannabis businesses after which point the business would not pay any further cannabis tax revenue to the City for additional gross receipts; and; and

- Page 2, amend paragraph 3: WHEREAS, commercial cannabis cultivation businesses permitted to operate within the city will be taxed initially at an annual rate of $5 per square foot based on floor area of the business with no corresponding tax revenue cap; and adopt Resolution No. 18-40, as amended, reducing the commercial cannabis tax structure for all permitted commercial cannabis businesses operating in the city.

The motion carried on the following roll call vote:

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

NOES: Council Member Shah.

ABSENT: Council Members - None.

ABSTAIN: Council Members - None.

Resolution No. 18-40: A Resolution of the City Council of the City of Grover Beach, California, Reducing Commercial Cannabis Tax Rates Assessed for Permitted Commercial Cannabis Businesses Operating in the City.

15. Upcoming and Potential State Ballot Initiatives.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson introduced Dave Mullinax, representative of the Channel Counties Division of the League of California Cities. Referencing a PowerPoint presentation, Mr. Mullinax outlined recent changes in the process for State ballot measures, described ballot initiatives on the June and November ballots, noted ballot items regarding transportation and local business fees that posed the greatest threat to local funding, and then described prospective State ballot initiatives that would also impact local governments. Mr. Mullinax spoke in support of the City Council taking a position on those initiatives that would impact local government.

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.

Brief discussion was held regarding the information presented.

Action: Upon consensus of the Council, direction was provided for staff to prepare either draft resolutions or other documentation to memorialize the City’s position for review at a future meeting as follows:

- Upcoming June 2018 State Ballot Initiatives: in support of Propositions 68, 69, and 72; and a neutral position on Propositions 70 and 71; and

- Potential November 2018 State Ballot Initiatives: in opposition to requiring a two-thirds vote threshold for all tax measures and to repeal Senate Bill 1 (SB1) regarding transportation funding; and in support of a $4 billion housing bond to support affordable housing, infill development projects, and a veterans home ownership programs.

PULLED CONSENT AGENDA ITEMS

None at this time.
COUNCIL COMMITTEE REPORTS

Council Member Nicolls reported on the meeting of the South San Luis Obispo County Sanitation District.

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

Mayor Shoals stated that he had no committee reports at this time.

Council Member Shah announced that the next League of California Cities Channel Counties Division meeting would be held in Grover Beach sometime during the month of June or July.

COUNCIL COMMUNICATIONS

A. Council Member Peterson commented on attending a meeting of the Five Cities Diversity Coalition. She also announced that she would be absent from the next regularly scheduled City Council meeting on May 21, 2018.

B. Council Member Shah announced that the City was developing an informational handout in response to resident concerns regarding vacation rentals.

C. Mayor Shoals commented that the Council had previously discussed setting aside funds to develop a public education and youth outreach plan that focused on deterring the underage use of recreational cannabis products.

D. Council Member Nicolls thanked and praised Public Works staff for providing the Grover Beach library with a binder of information on City street rehabilitation and repair projects. City Manager Bronson noted that a public binder with similar information on City street projects was available at the front customer service counter at City Hall.

E. Mayor Pro Tem Lee inquired about recent modifications to the street striping near the intersection of North 16th Street and West Grand Avenue and the loss of on-street parking on North 16th Street. City Manager Bronson responded that he would inquire into the matter and report back to the Council.

CITY MANAGER’S REPORTS AND COMMENTS

City Manager Bronson provided a verbal update on the status of street rehabilitation projects being completed and scheduled facility improvements at the Ramona Garden Park Center. He also noted the Parks and Recreation Department’s Mother-Son Dance was already a sold out event.

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 9:30 p.m.

/s/
JOHN P. SHOALS, MAYOR

Attest:

/s/
DONNA L. McMAHON, CITY CLERK

(Approved at CC Mtg 10/01/18)