

**MINUTES
CITY COUNCIL MEETING
MONDAY, FEBRUARY 6, 2017**

CALL TO ORDER Mayor Shoals called the meeting to order at 6:30 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 Carlie Foster, an 11-year-old, 6th grade student at Grover Beach Elementary School.

ROLL CALL

City Council: Council Members Jeff Lee, Barbara Nicolls, Debbie Peterson, Mayor Pro Tem Mariam Shah, 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, Community Development Director Bruce Buckingham, Public Works Director/City Engineer Greg Ray, and Parks & Recreation Program Director Kathy Petker were also present.

Also present were Fire Chief Steve Lieberman and Battalion Chief Riki Heath, Five Cities Fire Authority; and John Larsen, Rincon Consultants.

CLOSED SESSION ANNOUNCEMENTS

None at this time.

AGENDA REVIEW Council Member Lee and Mayor Pro Tem Shah requested that the order of the agenda be amended to have Consent Agenda items considered prior to the Public Hearing.

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

CEREMONIAL CALENDAR

None at this time.

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. Mike Wilson, Grover Beach resident, read a statement regarding human rights and equality.
- B. Brad Snook, representing the Surfrider Foundation, requested the City Council take a formal position on the proposal to create a Chumash Heritage National Marine Sanctuary.

ORDER OF THE DAY: Pursuant to Council consensus under Agenda Review, the Order of the Day was amended to consider items listed under the Consent Agenda prior to the Public Hearing.

CONSENT AGENDA

It was moved by Council Member Nicolls and seconded by Council Member Peterson to approve Consent Agenda Item Nos. 2, 3, 4, 5, 6, 7, and 8, as recommended. The motion carried on the following roll call vote:

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

2. Treasurer's Report for the Period January 17, 2017 - January 27, 2017.

Action: Approved the Treasurer's Report as submitted.

3. **Treasurer's Report for the 2015 Streets Bond Account - \$5,000,000 (Measure K-14: Grover Beach Street Rehabilitation; Safety Improvement Bond Measure) for the Period January 17, 2017 - January 27, 2017.**

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 January 17, 2017 - January 27, 2017.**

Action: Approved the Treasurer's Report as submitted.

5. **Minutes of the City Council Meeting on January 9, 2017.**

Action: Approved the minutes as submitted.

6. **Records Destruction Authorization - Authorizing the destruction of certain City records which were no longer required to be maintained.**

Action: Adopted Resolution No. 17-09.

Resolution No. 17-09: Resolution of the City Council of the City of Grover Beach Accepting the Staff Report and Recommendations for City-wide Records Destruction.

7. **Second Reading and Adoption of Ordinance No. 17-02 to Amend Article III, Chapter 9 of the Grover Beach Municipal Code regarding Massage Therapy Regulations - Adopting Ordinance No. 17-02 to amend the City's existing regulations regarding massage establishments and technicians pursuant to recent changes in state law.**

Action: Conducted second reading, by title only, and adopted Ordinance No. 17-02.

Ordinance No. 17-02: An Ordinance of the City Council of the City of Grover Beach Repealing in its Entirety Chapter 9 of Article III of the Grover Beach Municipal Code and Replacing it with a New Chapter 9, Article III Entitled "Massage Therapy Regulations".

8. **Authorization to Amend the Classification and Compensation Plan to Reclassify the Account Clerk Job Specification to Accountant and Affirm the Salary Range - Transferring funding from the Account Clerk position to add the position of Accountant in the Administrative Services Department.**

Action: 1) Adopted Resolution No. 17-10 amending Resolution No. 02-73 adding the salary range for the job classification of Accountant; 2) adopted Resolution No. 17-11 amending the Position Authorization Resolution No. 16-49 to add the position of Accountant and remove the position of Account Clerk; and 3) authorized staff to proceed with the recruitment process for an Accountant.

Resolution No. 17-10: Resolution of the City Council of the City of Grover Beach, California, Amending Resolution No. 02-73 Adding the Salary Range for the Job Class of Accountant.

Resolution No. 17-11: A Resolution of the City Council of the City of Grover Beach, Amending the Position Authorization Resolution No. 16-49 to Add the Position of Accountant and Remove the Position of Account Clerk.

PUBLIC HEARING

1. **Introduction and First Reading of Ordinances to Amend Articles IX and X of the Grover Beach Municipal Code and Approve a Local Coastal Program Amendment to Allow the Establishment of Commercial Medical Cannabis Uses and Enact a Commercial Cannabis Tax.**

Mayor Shoals read the title to the foregoing item, declared the Public Hearing open, and deferred to staff for a report. City Manager Bronson provided introductory comments. Referencing a PowerPoint presentation, Community Development Director Buckingham provided an overview of the draft land use ordinance to allow commercial medical cannabis activities and uses within a designated Overlay Zone and outlined recommendations from the Planning Commission regarding the hours of operation for dispensaries and setback requirements for commercial cannabis uses. He also noted that, subsequent to the posting

and distribution of the agenda packet, the City had received further correspondence from interested citizens, businesses, and property owners regarding this matter that had been distributed to the City Council.

Community Development Director Buckingham further stated that, as a result of voter approval of Measure L-16 on the November 8, 2016 General Municipal Election ballot, the City Council was also being requested to introduce and conduct first reading of an ordinance placing a tax on commercial cannabis businesses that may be allowed to establish in the city.

He then introduced John Larsen of the firm Rincon Consultants, who was available to respond to questions regarding the environmental review document for the proposed land use ordinance. Staff responded to questions from the Council regarding the environmental review process, the permitting process, proposed setback requirements for commercial cannabis activities, and parking.

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

The following persons spoke in support of allowing commercial medical cannabis uses within the city; allowing dispensaries in retail areas and/or near medical facilities and public transportation routes; extending the hours of operation for dispensaries; increasing the allowable number of dispensaries; increasing the allowable area for cultivation; increasing the amount of the application fee; issuing permits only to local residents and/or local business owners; and/or locating dispensaries in areas that were secure, accessible, and had sufficient lighting and parking:

- Constance McLaughlin-Miley, Arroyo Grande resident, Sweet Green Apothecary;
- Todd Mitchell, Grover Beach resident, Medicinal Greens;
- Laurie Pipan, owner, Supreme Automotive, Grover Beach;
- Wendy Cronin, San Luis Obispo resident;
- Adam Pinterits, Ethnobotanica, expressed concerns regarding over-regulating and over-taxing cannabis uses;
- Damian Martin, Milkman Collective, objected to Dandy Lion Montessori School being included in the minimum setback distance from schools;
- Marie Roth, Executive Director, San Luis Obispo County Cannabis Business Association;
- Cynthia Gonzales, Elite Care Enterprises;
- Steven Boortz, Arroyo Grande resident, Biotic Laboratories, distributed informational materials regarding medical cannabis laboratory facilities and objected to laboratories and manufacturing activities having the same regulations and zoning restrictions as cultivation activities;
- Eamon Lacy, San Luis Obispo County resident;
- Stephen Dorsi, Arroyo Grande resident;
- Richard Gaither, Lompoc resident, Gina's Extractions; and
- Steve Babcock, Los Osos resident.

The following persons spoke against allowing commercial medical cannabis uses near areas with a high concentration of youth and youth activities; cited public safety concerns; requested increasing the minimum setback requirements; and/or requested the City delay taking action on this matter until neighborhood workshops could be held with local businesses or until the State began issuing permits for cannabis activities:

- Kathy Schultz, owner/director, Coastal Dance and Music Academy (CDMA), Grover Beach;
- Bill Infanto, teacher, John Muir Charter School, Grover Beach;
- Ann Balasuriya, owner/director, Dandy Lion Montessori School, Grover Beach;
- Ke Ghiglia, parent of students attending Dandy Lion Montessori School; and
- Dr. Diana Garcia, parent of students attending Dandy Lion Montessori School.

The following person also spoke on this matter:

- Paulette Messenheimer, Grover Beach resident, who read a poem thanking the Council for their thoughtful consideration of this matter.

There being no further public comments received, Mayor Shoals closed the Public Hearing.

Recess: Upon consensus of the City Council, the meeting recessed at 8:12 p.m.
Reconvene: At 8:23 p.m., the meeting reconvened with all Council Members present.

Discussion ensued regarding the proposed land use regulations; recommendations from the Planning Commission; hours of operation; requirements for mobile dispensaries; setbacks; parking; signage; design standards for the “Grover Beach Business Park” and the narrower width of the private roadway that comprised Huston Street; developing design standards for new businesses; allowing the use of solar; manufacturing and cultivation activities; and security needs for areas designated for loading/unloading. Additional discussion was held on whether to expand the authorized area for commercial medical cannabis activities to alleviate concerns that a concentration of similar business activities might be located in close proximity; potential impacts to existing businesses; research conducted by staff in developing the draft land use ordinance; and the proposed review process for new business applications. Discussion was also held on the commercial cannabis tax and proposed penalties.

John Larsen, Rincon Consultants, responded to questions regarding the environmental review process and the estimated time frame to conduct further analysis if the Council chose to expand the allowable area for commercial medical cannabis activities and uses. He also confirmed that further research would be required regarding Level 2 manufacturing activities.

Action: Upon unanimous consensus of the City Council, the following direction was provided for staff to:

- Review additional locations in the commercial and industrial zones for commercial cannabis uses;
- Coordinate with the Five Cities Fire Authority to provide the City Council with a detailed analysis on the potential impacts of Level 2 manufacturing;
- Prepare design guidelines for new and existing buildings in all industrial zones that would be required as part of a discretionary permit; and
- Amend the Grover Business Park Use Permit to allow cultivation/nursery and storage/distribution uses.

Action: It was moved by Council Member Lee and seconded by Council Member Peterson to adopt Resolution No. 17-12 adopting the Negative Declaration. The motion carried on the following roll call vote:

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

Resolution No. 17-12: A Resolution of the City Council of the City of Grover Beach Adopting a Negative Declaration for the Commercial Medical Cannabis Land Use Ordinance.

Further discussion was held on amending the development standards in the draft land use ordinance as follows:

- **Setbacks:** All dispensaries shall be located a minimum of 100 feet from all residential zones. The 100 feet shall be measured from the property boundary of the dispensary structure to the property boundary of the residential lot.
- **Hours of operation:** All dispensaries may be open to the public and make and receive deliveries between the hours of 9:00 a.m. and 9:00 p.m. All other non-dispensary uses may operate at any time, but shall only receive deliveries between the hours of 7:00 a.m. and 9:00 p.m.
- **Deliveries:** All delivery areas and loading/unloading areas shall be conducted within a secured and enclosed area, and not on the public street.
- **Cultivation and nursery uses:** These activities and uses shall be within an enclosed building and are prohibited outdoors and/or within greenhouses.
- **Signage:** Delete the proposed language in the draft ordinance.

It was moved by Council Member Lee and seconded by Council Member Peterson to conduct first reading, by title only, and introduce Ordinance No. 17-03, as amended. However, after further discussion on the proposed amendments, specifically regarding “greenhouses” and “mixed-light buildings”, Council Member Peterson *withdrew* her second to the motion, stating she thought it was unclear as to what types of uses were being authorized. Additional discussion was held regarding the local ordinance including a reference to state law, which would have a more comprehensive list of authorized uses.

Action: It was moved by Council Member Lee and seconded by Council Member Nicolls to: 1) conduct first reading, by title only, and introduce Ordinance No. 17-03, as amended, amending Article IX of the Grover Beach Municipal Code and a Local Coastal Program Amendment to allow the establishment of commercial medical cannabis uses in a 70 acre Overlay Zone generally located south of Farroll Road, north of Highland Way, east of South 4th Street and west of South 13th Street; and 2) schedule second reading and adoption at the next regular City Council meeting on Tuesday, February 21, 2017. The motion carried on the following roll call vote:

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

Ordinance No. 17-03: An Ordinance of the City Council of the City of Grover Beach Amending Sections 2.40.020, 2.40.030, 6.10.020, and 9.10.020 of Article IX, and Adding Section 2.90.040 of Article IX, to Allow the Establishment of Commercial Cannabis Uses for the Cultivation, Manufacturing, Dispensation, Transportation, Distribution and Testing of Medical Marijuana and Medical Marijuana Products. (First Reading *only*.)

Action: It was moved by Council Member Lee and seconded by Council Member Peterson to conduct first reading, by title only, and introduce Ordinance No. 17-04, amending Article X of the Grover Beach Municipal Code to enact a commercial cannabis tax and schedule second reading and adoption at the next regular City Council meeting on Tuesday, February 21, 2017. The motion carried on the following roll call vote:

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

Ordinance No. 17-04: An Ordinance of the City Council of the City of Grover Beach, California Adding Chapter 16 to Article X of the Grover Beach Municipal Code Establishing a Commercial Cannabis Tax. (First Reading *only*.)

Recess: Upon consensus of the City Council, the meeting recessed at 10:25 p.m.
Reconvene: At 10:35 p.m., the meeting reconvened with all Council Members present.

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

REGULAR BUSINESS

9. Consideration and Direction on an Ordinance for the Operation and Regulation of Commercial Medical Cannabis Uses.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson provided a brief overview of the initial draft of an ordinance that would establish how commercial medical cannabis uses would be regulated. He noted that this ordinance was a companion to the land use ordinance, which deals with the establishment of commercial medical cannabis businesses and location. Further, both ordinances must be adopted before businesses could submit applications.

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

Todd Mitchell, Grover Beach resident, Medicinal Greens, spoke in support of the City Council being the reviewing authority for commercial cannabis permits and requiring loading activities in a "secure" area.

Sheldon Moseley, Grover Beach resident, spoke in support of conducting background checks of business owners, but not on the employees; and in support of requiring the use of transporters and distribution services between commercial cannabis activities. He then spoke against the proposed limitations on City liability with respect to commercial cannabis permits.

Cynthia Rodriguez, Elite Care, commented on commercial cannabis delivery services, as well as on ensuring patient privacy during the City's auditing process. She offered to assist the City with developing regulations for delivery services.

There were no further public comments received at this time.

It was noted that the draft regulatory ordinance would be scheduled for further input from the Council and the public.

Action: No formal action was taken at this time.

11:00 p.m. Rule: At 10:49 p.m., it was moved by Council Member Peterson to continue the meeting past 11:00 p.m. to consider all remaining business items scheduled on the agenda. The motion *failed* for lack of a second.

10. Letter of Intent to Participate in Regional Groundwater Sustainability Project.

Action: Upon unanimous consensus, this item was continued to the next available City Council meeting.

PULLED CONSENT AGENDA ITEMS

None at this time.

COUNCIL COMMITTEE REPORTS

None at this time.

COUNCIL COMMUNICATIONS

- A. Council Member Lee described the immediate financial needs of the 5Cities Homeless Coalition in order to continue operations of a warming shelter through the remainder of the rainy season. He also announced details of the organization's next fundraiser.

Action: Upon unanimous consensus of the City Council, direction was provided to schedule Council consideration of funding a contribution to the 5Cities Homeless Coalition to support extended operations of a warming center this winter.

- B. Mayor Shoals requested clarification on the draft land use ordinance discussed previously (Agenda Item No. 1) and the Grover Beach Business Park.

Brief discussion was held with the Council confirming it's direction earlier in the meeting for staff to amend the Grover Business Park Use Permit to allow cultivation/nursery and storage/distribution uses; and to review additional locations in the commercial and industrial zones for commercial cannabis uses.

Mayor Shoals then displayed a large postcard and announced that a public workshop to discuss the new cannabis laws and regulations was scheduled to be held at the Ramona Garden Park Center on Thursday, February 23, 2017.

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 11:00 p.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 05/01/2017)