

**MINUTES
CITY COUNCIL MEETING
TUESDAY, FEBRUARY 21, 2017**

CALL TO ORDER Mayor Shoals called the meeting to order at 6:31 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 Mayor Shoals.

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, 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 Executive Director Janna Nichols and Board President Michael Byrd, 5Cities Homeless Coalition.

CLOSED SESSION ANNOUNCEMENTS

None at this time.

AGENDA REVIEW

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

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. No public comments were received at this time.

CONSENT AGENDA

It was moved by Council Member Peterson and seconded by Mayor Pro Tem Shah to approve Consent Agenda Item Nos. 1, 2, 3, and 4, 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.

- 1. Treasurer's Report for the Period January 27, 2017 through February 15, 2017.**
Action: Approved the Treasurer's Report as submitted.
- 2. 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 27, 2017 through February 15, 2017.**
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 27, 2017 through February 15, 2017.**
Action: Approved the Treasurer's Report as submitted.

4. **Acceptance of the North Oak Park Boulevard Rehabilitation Project (CIP 2276)** - Accepting as complete the improvements constructed for the North Oak Park Boulevard Rehabilitation Project.

Action: Adopted Resolution No. 17-13 formally accepting the North Oak Park Boulevard Rehabilitation Project (CIP 2276) and authorized staff to send the Notice of Completion to Souza Construction.

Resolution No. 17-13: A Resolution of the City Council of the City of Grover Beach, California, Formally Accepting the North Oak Park Boulevard Rehabilitation Project (CIP 2276).

PUBLIC HEARING

None at this time.

REGULAR BUSINESS

5. **Funding Contribution for 5Cities Warming Center.**

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson provided an overview of the request to fund a contribution to the 5Cities Homeless Coalition (5CHC) to support extended operation of the 5 Cities Warming Center. 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.

The following persons spoke in support of the funding request:

- Janna Nichols, Executive Director, 5Cities Homeless Coalition, who also responded to questions from the Council; and
- Sharon Brown, Grover Beach resident.

There were no further public comments received at this time.

Council Member Lee announced that he currently served on the Board of Directors for the 5Cities Homeless Coalition.

Brief discussion was held regarding Council correspondence received earlier that day from Susan Hughes, Grover Beach resident, on previous action taken by the Council in declaring a shelter emergency.

Action: It was moved by Council Member Lee and seconded by Council Member Peterson to adopt Resolution No. 17-14 amending the FY 2016-2017 Budget. 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. 17-14: A Resolution of the City Council of the City of Grover Beach, California, Adopting the 5th Amendment to the Annual Appropriation Resolution No. 16-48 to Appropriate \$5,000 for the 5Cities Homeless Coalition as Financial Support for the Operation of the Warming Center.

Prior to discussion of Agenda Item No. 6, Council Member Lee declared a conflict of interest due to his employment with County of San Luis Obispo Public Works Department and his involvement with the Animal Services Shelter project. He then stepped down from the dais and left the Council Chambers.

6. Memorandum of Agreement with the County of San Luis Obispo to Jointly Finance and Construct Replacement Animal Services Shelter.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson noted that a revised version of the proposed Memorandum of Agreement had been distributed to the Council just prior to the meeting. The revised version incorporated changes requested by the County and staff was amenable to the changes. He then provided an overview of the request to enter into an agreement with the County of San Luis Obispo and the seven cities within the County to establish a cost-sharing framework for the construction of a new countywide animal services facility. Staff then responded to questions from the Council.

Discussion was held on animal services provided by the County and the cost for those services, as well as costs for financing and maintaining a replacement shelter, potential alternatives for animal shelter services, terms of the proposed agreement, and the County's decision to escalate the time frame for construction.

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 Council discussion was held on the estimated costs for the replacement shelter.

Mayor Pro Tem Shah commented on the sleeping conditions for individuals staying at the emergency warming shelter. She then expressed her objections to government agencies allocating funds for a replacement animal services shelter when there were no funds also being allocated for a homeless shelter in the South County area.

Action: It was moved by Council Member Peterson and seconded by Council Member Nicolls to: 1) Approve a Memorandum of Agreement with the County of San Luis Obispo and the Cities of Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Pismo Beach, Paso Robles, and San Luis Obispo to jointly finance and construct the replacement of an animal services shelter; and 2) Delegate to the City Manager the authority to finalize the agreement. The motion carried on the following roll call vote:

AYES: Council Members Nicolls, Peterson, and Mayor Shoals.
NOES: Mayor Pro Tem Shah.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.
RECUSED: Council Member Lee (*due to a conflict of interest*).

At this time Council Member Lee returned to the dais.

7. Letter of Intent to Participate in the Regional Groundwater Sustainability Project.

City Manager Bronson announced that this item was being pulled from the agenda pending additional regional discussions and noted that it would be rescheduled for Council consideration at a later date.

Action: None at this time.

8. Second Reading and Adoption of Ordinance Nos. 17-03 and 17-04 Amending Articles IX and X of the Grover Beach Municipal Code and Approving 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 and deferred to staff for a report. Community Development Director Buckingham provided an overview of the proposed ordinances that would allow the establishment of commercial medical cannabis uses within a specified area of the city and enact a commercial cannabis tax on businesses that are permitted to establish in the city. Staff then responded to questions from the Council.

Brief discussion was held regarding setbacks, other industrial areas that could also be considered for commercial medical cannabis uses, and the proposed process and estimated time frame for receiving and reviewing applications.

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 draft land use ordinance (Ordinance No. 17-03):

- Constance McLaughlin-Miley, Sweet Green Apothecary; and
- Jason Papich, Grover Beach business owner in the proposed Overlay Zone.

The following persons spoke against the proposed Overlay Zone in the draft land use ordinance (Ordinance No. 17-03) and potential impacts to existing businesses related to public safety and displacement and/or spoke in support of permits being issued to local business owners only and/or expanding the area being considered for commercial cannabis activities:

- Kurt Oursten, Grover Beach business owner in the proposed Overlay Zone;
- Ginger Schenk, Grover Beach business owner in the proposed Overlay Zone;
- Kathy Schultz, Grover Beach business owner in the proposed Overlay Zone;
- Lynette Navarro, Grover Beach business owner in the proposed Overlay Zone;
- Susan and Dave Cleek, Grover Beach property and business owners in the proposed Overlay Zone, who referenced signed petitions submitted earlier that evening in support of existing small businesses in the proposed Overlay Zone;
- Tom and Paula Richardson, Grover Beach business owners in the proposed Overlay Zone; and
- Jonathan Davis, Grover Beach business representative in the proposed Overlay Zone.

The following person also spoke:

- Jason Kosson, Diamond Cannabis Direct, commented on the amount of water required for cultivation activities.

There were no further public comments received at this time.

Council discussion ensued regarding water conservation requirements; setbacks; the concerns expressed by business owners/representatives located in the proposed Overlay Zone; whether to expand the area for commercial cannabis activities; and the proposed application and review process.

Mayor Shoals announced details of an upcoming public workshop on state laws and county-wide regulations pertaining to cannabis activities.

Council discussion continued on amending the draft land use ordinance to expand the area for commercial cannabis activities and to possibly consider commercial and/or retail areas as well, the estimated time frame to complete the environmental review process, and having the Planning Commission review the revised project area. Discussion was also held on the proposed commercial cannabis tax, the flexibility to modify the tax rate to a lower amount, and a summary of California State Proposition 64.

Recess: Upon consensus of the City Council, the meeting recessed at 8:48 p.m.

Reconvene: At 9:01 p.m., the meeting reconvened with all Council Members present.

In follow-up to Council questions regarding future changes to the commercial cannabis tax, City Attorney Hale recommended that any change to the ordinance should be implemented by ordinance.

Action: It was moved by Council Member Lee and seconded by Mayor Pro Tem Shah to conduct second reading, by title only, and adopt Ordinance No. 17-04 amending Article X of the Grover Beach Municipal Code establishing a commercial cannabis tax. 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.

Council discussion continued on amending the land use ordinance to establish different setback requirements for properties located in the "Grover Business Park" and for properties located on Farroll Road, and whether to also establish a different setback for properties located along Messina Court.

Action: Upon motion by Council Member Lee and seconded by Mayor Shoals, direction was provided for staff to revise the land use ordinance (previously identified as "Ordinance No. 17-03") as follows:

- 1) Eliminate the reference to creating a 70-acre Overlay Zone in the Industrial Area;
- 2) Expand the area being considered to allow commercial cannabis activities to include all industrial zones within the city - the Industrial (I), Commercial Industrial (CI), and Coastal Industrial Commercial (CIC) zones;
- 3) For properties located in the industrial zone along Farroll Road: Eliminate the 100-foot setback requirement for dispensaries only; and revise the setback measuring distance to be from the "dispensary entrance" rather than "dispensary ~~structure~~";
- 4) For properties located in the Grover Business Park on Huston Street: Retain the existing 70-foot setback requirement;
- 5) Revise the environmental document, as necessary;
- 6) Schedule a review of the revised environmental document and the revised land use ordinance by the Planning Commission; and
- 7) Schedule consideration of the Planning Commission's recommendations, and introduction and first reading of the revised land use ordinance by the City Council.

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.

It was noted that the resolution to approve a Local Coastal Program Amendment would be rescheduled for Council consideration at the same time as the revised land use ordinance.

Action: Upon consensus of the City Council, this initial phase to establish land use and regulatory requirements for commercial medical cannabis activities would focus on the industrial areas only. At a later date, discussion could be scheduled to consider a framework for future phases and more significant community engagement efforts. Additionally, direction was provided for staff to review whether an amendment might be needed regarding the Use Permit for the Grover Business Park.

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 on a draft ordinance for the operation and regulation of commercial medical cannabis businesses that may be allowed to operate within the city. Staff then responded to questions from the Council.

Discussion ensued regarding the proposed regulations, establishing criteria for denying an application or revoking a permit, further explanations of certain terms in the draft ordinance and/or state statutes, and the proposed security measures. It was noted that relocation assistance for businesses in the industrial areas would not be subject matter for the regulatory ordinance and that Use Permits were not transferrable to another location.

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

Constance McLaughlin-Miley, Sweet Green Apothecary, spoke in support of allowing limited doses of cannabis on site for medicinal purposes.

Cynthia Gonzalez, Elite Care, commented on state regulations pertaining to cannabis activities and spoke in support of allowing cultivation and dispensary activities locally.

Kurt Oursten, Grover Beach business owner in the proposed Overlay Zone; commented on previous constraints to the development of properties located on Huston Street. He then expressed concerns regarding public safety issues related to cannabis activities and the meeting notification process on this topic.

Stephen Dorsi, Arroyo Grande resident and Grover Beach property owner in the proposed Overlay Zone, spoke in support of commercial cannabis activities assisting in increasing property values in the industrial area.

Adam Pinterits, Ethnobotanica, described safety and security measures implemented by professional cannabis firms, as well new industry technologies pertaining to auditing and tracking procedures.

There were no further public comments received at this time.

Council discussion ensued regarding the draft regulatory ordinance with staff responding to questions regarding certain terminology, state law, and the proposed licensing process. Additional discussion was held on improving the public information process and community engagement approaches.

Upon request, Mayor Shoals repeated his earlier announcement of an upcoming public workshop on state laws and county-wide regulations pertaining to cannabis activities. He also noted it was a workshop sponsored by the "Yes on Grover Beach Measure L-16" committee.

Action: Upon consensus of the City Council, individual members agreed to forward further comments on the draft regulatory ordinance to staff. Additionally, direction was provided to schedule continued discussion on the draft regulatory ordinance to the next Regular City Council Meeting scheduled to be held on March 6, 2017.

PULLED CONSENT AGENDA ITEMS

None at this time.

COUNCIL COMMITTEE REPORTS

Upon consensus, 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

City Attorney Hale announced that the following items were cancelled due to the Special City Council Closed Session held earlier in the evening at 5:30 p.m.

1. ~~Conference with Legal Counsel – Anticipated Litigation
Pursuant to Government Code 54956.9 (d)(4) – Based upon existing
circumstances Council may consider initiating litigation.~~
2. ~~Public Employee Performance Evaluation
Pursuant to Government Code Section 54957
Employee: City Manager~~

ADJOURNMENT

There being no further business to come before the City Council, Mayor Shoals adjourned the meeting at 10:37 p.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 05/15/2017)