

**MINUTES
SPECIAL CITY COUNCIL MEETING
MONDAY, SEPTEMBER 25, 2017**

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.

ROLL CALL

City Council: Council Members Jeff Lee, Barbara Nicolls, Mayor Pro Tem Mariam Shah, and Mayor John Shoals were present. Council Member Peterson was absent.

City Staff: City Manager Matthew Bronson, City Attorney David Hale, City Clerk Donna McMahon, Police Chief John Peters, Administrative Services Director Gayla Chapman, and Public Works Director/City Engineer Greg Ray were also present.

Also present was Battalion Chief Riki Heath, Five Cities Fire Authority.

Announcements: Mayor Shoals provided a brief safety announcement regarding the emergency exits and then described the format of the meeting and the manner in which public comments would be received.

MOMENT OF SILENCE

FLAG SALUTE The flag salute was led by Mayor Shoals.

PUBLIC COMMUNICATIONS

The Mayor opened the floor to any member of the public for comment on any items listed on the agenda. No one responded at this time and the Mayor closed the Public Communications segment for this portion of the meeting.

BUSINESS

1. Commercial Medical Cannabis Dispensary Eligibility Ranking List.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Bronson provided an overview of staff's review and assessment of the submitted commercial medical cannabis dispensary pre-applications, summarized additional issues raised at the City Council meeting of September 7th for consideration in the evaluation process, and outlined several approaches for the Council to consider in establishing the final eligibility ranking list and identifying the top two applicants. Staff then responded to questions regarding the development review process for commercial medical cannabis permits.

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

The following persons spoke in support of their respective firm's application for a dispensary permit or in support of their client's application as noted below:

- Tom McAuley, Milkman;
- Brennan Thicke, Milkman;
- Eric Hecht, GDI Grover Beach Retail;
- Jarod Pecoraro, GDI Grover Beach Retail;
- Todd Winter, GDI Grover Beach Retail;
- Todd Mitchell, Trident Management Solutions;
- Matthew Bashwiner, The Monarch;
- Sunni Mullinax, The Monarch;
- David Separzadeh, Natural Healing Center;
- Craig Smith, CRSA Architecture, on behalf of Natural Healing Center;
- Helios Dayspring, House of Holistics;
- Brian Touey, 805 Beach Breaks, who spoke twice during this public comment period;
- Daniel Fried, 805 Beach Breaks; and
- Ed Esters, 805 Beach Breaks.

At this time, representatives for Milkman, GDI Grover Beach Retail, Natural Healing Center, and 805 Beach Breaks responded to questions from the Council.

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

Reverend Doug Able, Oceano resident and volunteer at Hillside Church Redemption Center, objected to legalizing the use of cannabis products, described how medicinal cannabis use adversely impacted his family, and submitted his comments in writing.

The following persons spoke in support of dispensary applicants as noted below:

- Laurie Pipan, Grover Beach business owner, in support of Milkman;
- Gerry Moro, Santa Maria resident, in support of House of Holistics;
- Christopher Hipp, Santa Maria resident, in support of House of Holistics;
- Eric Bjorklund, Santa Barbara resident, in support of House of Holistics;
- Dan Shinn, San Luis Obispo resident, in support of House of Holistics;
- Kelsey O'Reilly, Santa Barbara resident, in support of House of Holistics;
- Mark Jarrosiak, Grover Beach resident, in support of Trident Management Solutions;
- Jay Frame, Pismo Beach resident, in support of Milkman;
- Jim Cravens, Grover Beach business owner and resident, in support of Milkman;
- Jacob Holmes, Arroyo Grande resident, in support of House of Holistics; and
- Eric Stokell, Santa Barbara resident, in support of House of Holistics.

Recess: Upon consensus, the City Council meeting recessed at 7:25 p.m.

Reconvene: At 7:36 p.m., the City Council meeting reconvened with all Council Members present, except for Council Member Peterson who was absent from this meeting.

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

The following persons expressed concerns regarding one or more of the following issues: cannabis operations being located near existing youth activities or near residential areas, the potential for an increase in crime, the relocation of existing businesses, and/or objected to the legalization of cannabis uses or the manner in which the applications for a Use Permit were being determined:

- Katie McNeill, Grover Beach resident;
- Kathy Schultz, co-owner of Coastal Dance and Music Academy, Grover Beach, who also commented on her willingness to relocate the business;
- Brad Schultz, co-owner of Coastal Dance and Music Academy, Grover Beach;
- Pastor Reynolds Ritchie, Grover Beach Outreach Church;
- Tom Richardson, co-owner, Central Coast Refreshments, Grover Beach; and
- Jamie Tucker, Grover Beach resident.

The following persons spoke in support of dispensary applicants as noted below:

- Jeff Chambers, Grover Beach resident, in support of Milkman;
- Coker Ellsworth, Grover Beach property owner, in support of Natural Healing Center and negotiations to relocate existing tenants;
- Pamela Horak, Oceano resident, in support of Milkman;
- Mark Ashamalla, Lompoc resident, in support of Trident Management Solutions;
- Jerry Johnson, Nipomo resident, in support of House of Holistics;
- Eamon Lacy, Avila Beach resident, in support of Trident Management Solutions;
- Rick Juber, Central Coast resident, in support of Milkman;
- Ali Cooper, applicant, Natural Healing Center, cited studies to refute earlier comments on the use of medicinal cannabis potentially causing an increase in crime and noted security measures that would be implemented.

Sharon Brown, Grover Beach resident, commented on encouraging an economically vibrant community while being mindful of quality of life issues.

There were no further public comments received at this time.

Upon request, City Manager Bronson reiterated the rating criteria and weighting established by the Council, described additional factors that may be considered in ranking applicants, and displayed a map that indicated the proposed locations for the seven eligible applicants. He then outlined several options for the Council to consider in establishing the final eligibility ranking list and identifying the top tier applicants.

Discussion ensued regarding the applications, factors to consider, such as distance to sensitive uses, commitment to community, positive economic impact, experience in the cannabis industry, and ensuring the dispensary locations were not over-concentrated or clustered in one particular area. Each member of the Council identified their top applicants in ranked order and noted reasons for their selection:

- *Council Member Lee*: based on addressing public safety concerns, roadway access, investment in the community, operational preparedness, adherence to City requirements, community involvement, and local presence: 1) 805 Beach Breaks, 2) Natural Healing Center, 3) The Monarch, and 4) Milkman.
- *Council Member Nicolls*: for reasons similar to those articulated by Council Member Lee, as well as the applicants' willingness to work within the City's parameters: 1) Milkman, 2) The Monarch, 3) Natural Healing Center, and 4) Trident Management Solutions.
- *Mayor Pro Tem Shah*: based on anticipated positive economic impacts in the areas of job creation, fostering educational opportunities, and revenue generation from the proposed facility improvements, as well as operational experience, background review, and connections with the local community: 1) GDI Grover Beach Retail, 2) Natural Healing Center, 3) Milkman, and 4) Trident Management Solutions.
- *Mayor Shoals*: based on the time frame to begin operating, operational preparedness, the applicants' proactive approach to the industry, anticipated positive economic impacts, local commitment, location, background review, and, for some applicants, being a woman-owned business: 1) 805 Beach Breaks, 2) The Monarch, 3) Natural Healing Center, 4) Milkman, and 5) GDI Grover Beach Retail.

Recess: Upon consensus, the City Council meeting recessed at 8:55 p.m.

Reconvene: At 9:04 p.m., the City Council meeting reconvened with all Council Members present, except for Council Member Peterson who was absent from this meeting.

Based on the ranked order identified by each member of the Council, staff announced the top four pre-applications from the list of seven eligible applicants:

- *The top two applicants*: Natural Healing Center and The Monarch; and
- *The top two alternates*: 805 Beach Breaks and Milkman.

Further Council discussion was held on maintaining the eligibility list, and allowing one or more of the other eligible applicants to proceed through the Use Permit application process in the event a top applicant or alternate is not issued a permit or if in the future the Council chose to increase the number of permits allowed. Discussion was also held on further negotiations anticipated between property owners, applicants, and tenants; the development review process; and clean-up ordinance language needed due to additional changes in state law.

It was noted that staff would need to consult with Coastal Commission staff prior to scheduling Council consideration of increasing the number of dispensary permits allowed from two to four. City Attorney Hale suggested preparing a resolution for formal approval by the Council with findings and a statement of facts outlining the Council's policy direction and actions regarding the cannabis dispensary eligibility ranking list.

Action: Upon consensus (Council Member Peterson absent), the Council:

- approved the identified top two applicants for consideration in receiving a Use Permit as: Natural Healing Center and The Monarch, with the top two alternates as: 805 Beach Breaks and Milkman;
- requested staff bring a statement of facts and findings related to the eligibility ranking list for Council consideration and formal approval;
- provided direction for staff to work with all four identified applicants in terms of a Conditional Use Permit and the ultimate issuance of a cannabis permit to Natural Healing Center and The Monarch, should they successfully complete the application process; and
- if for any reason either of the top two applicants is not issued a Conditional Use Permit, for staff to come back to the Council for its consideration of the alternates: 805 Beach Breaks or Milkman.

Action: Upon consensus (Council Member Peterson absent), the Council:

- provided additional direction for staff to bring an ordinance back for its consideration modifying the number of commercial medical cannabis dispensary permits from two to up to four; and

- for staff to consult with Coastal Commission staff regarding the proposed modification.

Mayor Shoals described his attendance at a recent meeting that discussed public information and youth prevention campaigns implemented in the state of Colorado regarding the use of cannabis products. He then requested and received Council consensus for staff to schedule Council discussion of:

- *Funding*: for public information, youth prevention campaigns, and additional law enforcement resources to find and shut down illegal cannabis operations; and
- *Regulations*: whether to establish additional regulations regarding cannabis grows in residential areas, specifically whether to prohibit the use of accessory buildings that may be located along a property line.

COUNCIL COMMUNICATIONS

- A. Council Member Lee described proposed legislation (SB 649) regarding small cell towers that the League was recommending for veto by the Governor.

Action: Upon consensus, staff was authorized to prepare a letter for the Mayor's signature, based on the format provided by the League of California Cities, urging the Governor's veto of the proposed legislation.

- B. Mayor Pro Tem Shah thanked City Manager Bronson for his meeting attendance, which coincided with the same date as his wedding anniversary, and extended the Council's apologies to Mrs. Bronson.

ADJOURNMENT

There being no further business to come before the City Council, Mayor Shoals adjourned the meeting at 9:34 p.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 1/8/2018)