



FINAL MINUTES

CITY OF SEASIDE
CITY COUNCIL/ SUCCESSOR
AGENCY TO THE
REDEVELOPMENT AGENCY

JOINT SPECIAL MEETING
COUNCIL CHAMBER
Thursday, February 2, 2017
5:30 PM

1. **CALL TO ORDER**

Mayor Rubio called the meeting to order at 5:30 PM.

**CITY COUNCIL/SUCCESSOR AGENCY TO REDEVELOPMENT AGENCY OF THE
CITY OF SEASIDE**

PRESENT: Alexander, Campbell, Jones, Pacheco, Rubio

ABSENT: None

2. **PLEDGE OF ALLEGIANCE**

3. **PUBLIC COMMENT**

Mayor Rubio invited comments from the public and had no requests to speak.

4. **CONSENT AGENDA**

*On motion by Council Member Campbell and seconded by Mayor Pro Tem Alexander and passed
by the following vote the City Council/Agency Board approved the Consent Calendar as
presented.*

RESULT:	Approved
MOVER:	Council Member Jason Campbell
SECONDER:	Mayor Pro Tem Dennis Alexander
AYES:	Alexander, Campbell, Jones, Pacheco, Rubio
NOES:	None
ABSENT:	None

A. **APPROVE THE MINUTES FROM THE JANUARY 19, 2017 MEETING**

Action: Approved

B. **APPROVE AND FILE SUCCESSOR AGENCY CHECKS**

Action: Accepted & Filed

C. **ACCEPT AND FILE THE CASH AND INVESTMENT REPORT FOR SUCCESSOR
AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE
QUARTER ENDING DECEMBER 31, 2016**

Action: Accepted

5. **CLOSED SESSION**

The City Council adjourned to Closed Session at 5:33 PM and City Attorney Freeman indicated that Item A was continued to a future meeting.

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54957.6 - CONFERENCE WITH LABOR NEGOTIATORS

B. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (c) - POTENTIAL LITIGATION

6. STUDY SESSION

The City Council reconvened to open session at 5:45 PM.

A. CONDUCT A DISCUSSION AND STUDY SESSION ON POLICY OPTIONS REGARDING MEDICAL AND ADULT MARIJUANA

City Manager Malin presented the report speaking to the City of Seaside election results indicating 68% support of Proposition 64 regarding the adult use of Marijuana. He reported statistics of the State of Colorado since the passage of recreational marijuana. Revenues are up; arrests are down for public safety, as reported by the Department of Public Health. He then presented statistics that high school attendance which is trending down. He explained that Prop. 64 added adult recreational to the law of medical marijuana legalization, so adults 21 or older can obtain no more than 28.5 grams and can cultivate no more than six plants. He outlined the restrictions that remain for the usage of marijuana in public spaces. He also spoke to the leeway that cities now have to regulate, prohibit, license or tax the growth, distribution and sales of recreational marijuana. Mr. Malin outlined the different policy options and recommended that the City Council direct staff to draft regulations for future Council review to A) Permit medical marijuana dispensaries B) Allow more than one, and not more than three businesses within city limits. He noted that Seaside citizens are leaving Seaside to purchase medical marijuana in other cities which is something that should be addressed. It is a new and emerging industry with yet to be developed standards and metrics therefore we need to look at it and address it from a land use perspective. Given our proximity, it would make sense to try to capture the economies that are near us, campus, highway, downtown areas as examples. City Manager Malin answered questions from the Council.

Council Member Pacheco questioned if there was a metric established for the appropriate number of licenses for the population to which Mr. Malin indicated given the new newness of the industry, it's not yet determined. Staff has not done that level of analysis yet either. He further indicated that having just one is not advantageous for competition and looking at Seaside, we are large and diverse enough with land uses, we were looking to place the dispensaries where there is the greatest need and opportunity. Council Member Campbell questioned getting comparative information about youth impacts and also expressed concern regarding the number of dispensaries that could be supported per capita. Council Member Alexander clarified the market is clearly targeting those 21

years of age and older and confirmed that the rules will follow the lines of alcohol. CSUMB will be severely restricted, be careful putting it in the media that our city being a campus town, that will be our target market. Mr. Alexander spoke to concerns of having a dispensary, and statistics stated that around dispensaries there were increased sales to minors and wanted to be sure that is addressed. Mayor Rubio confirmed that there are no schools in our commercial district and yes, we would have to address security and ensure that we have full bought in from the Police Department. He also indicated that if there is a need to intensify patrols for one business, we need to be sure that business will be a plus to our revenues and not a drain. He encouraged understanding and consideration all the other permitting agencies locally and the number of dispensaries per capita to determine what would be sustainable.

Mayor Rubio invited public comment on this item.

- Darryl Choate reported that Oakland is talking about the "Home rule" which provides preference for "locals" to be an owner. He encouraged consideration for ownership by locals. He agreed with the max limit of three, which allows a market.
- Citizen requested that the delivery of medical marijuana be addressed, and spoke in support of the vetting process and questioned how the applications would be processed, speaking in support of local preference.

The City Council agreed with the staff recommendation.

City Manager Malin then spoke to the regulation of cultivation approved with the passage of Prop. 64. He indicated that citizens can grow marijuana plants residential, that the city can regulate it, but not prohibit it. Cities can prohibit outdoor cultivation. He presented the recommendation as 1) Require a permit for indoor cultivation and allow not more than four outdoor plants by permit. He believes that it could become a public health and safety matter given the proximity of houses in Seaside and the history of fire hazards with hydroponics equipment, it's important to regulate.

Council Member Pacheco agreed that regulation is necessary due to the tight distribution of houses. Council Member Campbell spoke in support of modest regulation, and then questioned the potential that the CA Attorney general could reverse the note that it can be banned. Council Member Alexander agreed regulation is necessary and expressed concern to know how many plants will generate 28.5 g. Mayor Rubio spoke to the height of the plants when mature, and expressed concern that harvest of four mature plants may generate a large enough supply to encourage sales of excess. He requested staff look into how Colorado how addressed that. He also expressed concern with theft when outside which needs to be factored into the types of security regulations to mitigate.

Mayor Rubio invited comments from the public.

- Darryl Choate said that two plants outside should not be regulated, but if indoor, you will benefit the City as utility taxes will increase. Agreed that indoor needs to be regulated, it's the most dangerous. He spoke to Oakland passing stringent indoor regulations.
- Citizen spoke to the League of CA Cities PowerPoint included in the packet and believed there was a type-o. As far as personal cultivators selling the product, the commercial will drive the price down so that personal cultivators will not be able to reap the prices that you get now. He is against the personal cultivation permit, does not think it is realistic or enforceable, and should allow 6 plants outdoor. How big they get is dependent on the growing technique. Speaking to the number of dispensaries, Santa Cruz had a study done which found it was best to have one dispensary for a 30k population. Does agree two permits are important for competitive options. He agreed with the competitive process, and encouraged the system to offer a point based system for those that are locals. Delivery that

will be dependent on the state for regulation.

The City Council agreed with the staff recommendation.

Finally Mr. Malin spoke to the Non-dispensary marijuana businesses noting that the dispensary licenses are forthcoming at the state level. Staff recommends initiating a review of regulations for future Council review that would A) permit non-dispensary businesses/permitting retail co-location with dispensaries and B) permitting indoor commercial cultivation, laboratories and manufacturing. The cities that are best positioned to add value to a business are the cities that are the most successful. We need to be focused on economies of the future, and not of those of the past.

Council member Pacheco questioned what types of commercial businesses could sell adult marijuana and spoke to liking the concept to co-locate the retail with the dispensary. He then questioned why reports indicate that sales for medical marijuana will be higher than recreational. Mr. Malin indicated that is not uncommon, as part of the taxing that is applied to recreational marijuana. Council Member Campbell indicated he was not interested in the co-location and does not want to make it too accessible. It will already be accessible. He then spoke to the cultivation revenue taxes citing revenue benefits and that we should be encouraging laboratory cultivation. Council Member Alexander also expressed the same concerns as Council Member Campbell and also requested to find out if allowing or permitting these types of businesses may impact federal funds for public safety training. Mayor Rubio believes it should be allowed but not required for co-locating citing the different types of product distribution methods. As new products are generated there will be a need to address and adapt.

Mayor Rubio again invited comments from the public.

- Citizen stated to the Council that if cities or counties do not regulate the taxes will not come back locally and also stated that convenience stores will likely not be allowed to sell as the state does not want to mix alcohol licenses with marijuana permits. State law prohibits marketing to children.
- Resident questioned if a baker wanted to make a marijuana chocolate items questioning if they would they be required as part of the two allowable permits.
- Darryl Choate thought the co-location meant having retail sales, and retail sales delivery business. He spoke in support of the City drafting their own regulations.
- Citizen indicated you would need to differentiate between those that are volatile and those that are not.

City Manager Malin reassured the Council that this is emerging, and staff will take a significant amount of time and do due-diligence research which should be completed by the end of the year so that all the nuances will be flushed out. The City Council agreed with the staff recommendation.

Mr. Malin spoke to the final aspect which is taxation indicating that to be ready, and best positioned staff recommend the Council place a ballot measure on the June ballot for a general tax, calibrating the taxation to the market to ensure that we do not incur any costs with the allowance of this industry. If directed, staff can poll the city citizens to see what their appetite is for taxation. If the Council wants to move forward in June, then on March 2nd the City Council would need to approve the ballot initiative. He believes that there will be added costs to the City for proposition 64 permits/licenses.

Mayor Rubio spoke in support of conducting the polling. Council Member Pacheco questioned the general tax initiative regulations to which Mr. Malin indicated that the general tax could be used for

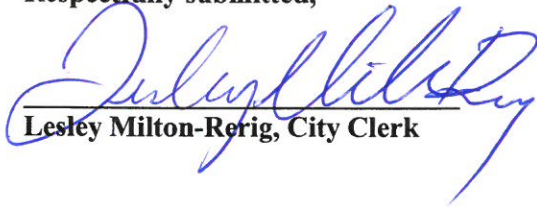
anything the Council directs it for on an annual basis. But the more specific you get into "areas" then it would be required to be added as a special tax regulation which requires a higher threshold for voter approval, and can forever be spent exclusively for those special areas. The Council discussed the outstanding needs in the community and the benefits and challenges with a general versus a special tax. Council Member Pacheco questioned if a community survey was going to look at the priorities for the residents about how to spend the money to with City Manager Malin affirmed.

Council agreed to the staff recommendations and that staff bring something before the Council on or before the March 2, 2017 City Council meeting.

7. **ADJOURNMENT**

On motion, the meeting was adjourned at 7:15 PM.

Respectfully submitted,



Lesley Milton-Rerig, City Clerk



Ralph Rubio, Mayor/Chair