

MINUTES

CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE AUTHORITY

MEETING AGENDA

May 21, 2020

1. CALL TO ORDER 6:00PM *Meeting conducted via teleconference.*

Council Members Present: Lander (*arrived at 6:08pm*) Ramsey, Stolz, Adkisson, Singleton

Others Present: City Manager Marissa Trejo, City Attorney Mario Zamora, Chief of Police Darren Blevins, Assistant City Manager Sean Brewer, Financial Services Director Jasmin Bains, City Treasurer James Vosburg, Senior Administrative Analyst Mercedes Garcia, Fire Chief Dwayne Gabriel

Council Members Absent: None

Others Absent: Shannon Jensen

Under Changes to the Agenda, City Manager Marissa Trejo clarified that the cubicles listed as surplus property by the Police Department in Consent Calendar Item No. 5.6 will not be apart of the surplus, instead the cubicles will be used by the Public Works Department.

*Motion by Adkisson, Second by Stolz to Approve the Agenda for the Meeting of May 21, 2020. Motion **Approved** by a 4/0 Majority Voice Vote. (Lander – Arrived Late).*

2. AWARDS, PRESENTATIONS, APPOINTMENTS AND PROCLAMATIONS (NONE)

3. CITIZEN COMMENTS

4. PUBLIC HEARINGS (NONE)

5. CONSENT CALENDAR

1. Approve MINUTES - October 10, 2019 (Special)
2. Approve MINUTES – November 7, 2019 Amended
3. Approve MINUTES – December 5, 2019
4. Approve MINUTES - January 2, 2020
5. Approve MINUTES - January 16, 2020
6. Declare Identified Police Department Property as Surplus and Approve Disposal
7. Approve the Repair of P15 Water Treatment Plant Pumps

8. Consideration and Approval of Bid Award for Median Island Landscaping Project
9. Adopt Resolution No. 3965 Establishing a Fire Reserve Pay Scale

Councilman Singleton pulled Item No. 5.9 for discussion.

City Manager Marissa Trejo gave a brief overview of the item and clarified this item goes along with Consent Calendar Item No. 5.14.

Councilman Singleton asked if the City currently have reserve employees? Or is this item to establish reserves?

Fire Chief Dwayne Gabriel explained the job descriptions for these positions have existed. The job descriptions were changed in 2015, however they were never tied to a pay scale and then the positions were frozen. Staff is now trying to get the positions going again.

Mrs. Trejo explained there were also some changes made with CalPERS requirements. CalPERS requires the City have pay scales publicly available and posted and it must contain specific CalPERS criteria. All our pay scales are now structured using a template they provided.

Councilman Adkisson asked how this will save us money? Or how much it will cost?

Chief Gabriel explained these positions are already budgeted. The EMT positions will be paid-call, meaning there will be a residency requirement and must be able to respond within 20 minutes of the station and will be called in to assist only when we have a shortage. Paramedic Reserve positions do not have a residency requirement because we do not typically see paramedics in this area, so the ability to recruit EMTs is much greater. Approval of this item would give the department the ability to have these people available should the need arise.

Councilman Adkisson asked if Chief Gabriel recalled the amount budgeted?

Chief Gabriel stated he believed it was \$112,000.

Mrs. Trejo confirmed the amount to be \$112,000.

Councilman Adkisson asked what would happen if we did not approve this tonight?

Chief Gabriel explained we currently have one reserve working. It would not technically affect his position; however, we would not be able to recruit for the other positions to be filled.

Councilman Adkisson asked if we would save money by hiring for these positions?

Chief Gabriel explained, any time we use a reserve position instead of paying overtime it will save money.

Councilman Adkisson asked if these reserves will only be used to offset overtime costs?

Chief Gabriel answered, the current plan is to have them pull one shift a month to keep them in the station and stay active. The backfill would be in addition to that.

Councilman Adkisson stated, if I approve this, I want to do it because the City will save money on overtime. Will we show a net savings? Will we be saving \$112,000 in overtime?

Chief Gabriel stated we would not be saving \$112,000 in overtime costs, however what we are not paying out of the overtime line item we would be paying out of the \$112,000 in part-time pay.

Councilwoman Stolz asked, is this to compensate for the overtime? Or is it if someone calls in sick or something else happens and we need coverage?

Chief Gabriel answered, it would be for both.

Mayor Pro-Tem Ramsey stated, this money will only be spent when, or if, we need these people, correct?

Chief Gabriel answered, correct, except for the one shift per month. We do have to get them into the station periodically to maintain their training.

Councilman Adkisson asked, will it cost \$112,000 by doing the one shift a month?

Chief Gabriel answered, no.

Councilwoman asked, I believe the \$112,000 is only used, if needed, beyond the one shift per month, correct?

Chief Gabriel explained, the part-time line item pays for these positions. A portion of the money would be used for their required one shift per month and then the remainder would be used to offset the vacancy of a full-time employee. It essentially will come out of the \$112,000 for a reserve at a lower rate than paying a full-time employee overtime.

Mrs. Trejo explained, we currently have one reserve Firefighter. The Fire Department will be required to stay within the \$112,000 budgeted whether or not we only have that one reserve, or we end up with 10. The full \$112,000 budgeted may not be used.

Mayor Lander stated, it is only there if needed.

Councilman Adkisson asked, if we do not approve this, can the money be used to offset some of the shortfalls we are expecting to have?

Mrs. Trejo answered, you could, however it would not be the full \$112,000. We currently have one reserve so that person would continue to get paid for their hours worked. It could end up being \$4,000 for the year or \$70,000, up to the \$112,000. They do not have a set work schedule so it would be hard to determine how much they may work. You could approve the item and cut the budgeted amount down.

Councilman Adkisson suggested we keep the one reserve we currently have and then reevaluate the program in six months to see how we look financially.

Chief Gabriel stated, we could do that, however there is an opportunity to save on overtime costs with the reserve program.

Councilman Adkisson stated, I just know we are going to have a budget deficit with the pandemic. I really need to know what the overtime savings will be compared to what we will spend for the program.

Chief Gabriel stated, the other possibility with these reserve positions is the ability to staff a third unit, which will protect the town when the other two units are out. That could generate more revenue and offset any cost.

Councilman Adkisson stated, what I need to see to vote for this is that the cost for this program offsets more of the overtime costs and brings in more revenue from the third unit.

Chief Gabriel said, the problem with coming up with a dollar amount is there are so many different scenarios. These are voluntary positions. If we could not get someone to come fill-in and we had to wait for a paid person to come in from farther away, that would mean the ambulance would be down and we would not be saving any money. If we were able to use the reserves, we would be saving money and we would have another ambulance staffed which we may not otherwise been doing, so. it is hard to predict how often that could

happen. We could bring reserves in and end up not having a call, but in the meantime the City would have that protection.

Mayor Pro-Tem Ramsey suggested the Council keep the program for now and possibility cut it later. We will be going over the budget later and it can be pulled out at any time. Public Safety is important right now.

Councilwoman Stolz asked, this is an existing program?

Chief Gabriel said, yes that is correct. We just have been holding off on recruitment because the current job descriptions were not tied to the pay scale as required.

Councilwoman Stolz asked what was budgeted for this program in the previous Fiscal Year?

Mrs. Trejo stated, \$112,000.

Councilwoman Stolz asked, so we are just continuing with the program and approving based on tying the positions with the pay scale?

Chief Gabriel answered, correct.

10. Direct City Manager to Work with Fresno County to Establish a COVID-19 Testing Site in Coalinga
11. Authorize City Manager to Execute City Engineering Task Orders for Construction Engineering and Design Engineering for the Polk Street Rehabilitation Project (5th to Elm Ave SR198) Funded by the Surface Transportation Block Grant Program

Mrs. Mary Jones requested the item be pulled for a question.

Assistant City Manager Sean Brewer clarified that he made an error in the subject line of the item. The heading says it is from 5th to Elm, that was the first phase. It should be from Elm to the city limits as it is written in the Recommendation section of the Staff Report.

City Attorney Mario Zamora confirmed that was Mrs. Jones' question.

12. Council Authorization to Amend the Water Supply Agreement between the City and the Pleasant Valley Water Conveyance Partners, LLC
13. Public Works & Utilities Monthly Report for April 2020
14. Adopt Resolution No. 3966 Approving Fire Reserve and Paid Call Job Descriptions

Councilman Adkisson pulled Item No. 5.14 for discussion.

This item was discussed in conjunction with Item No. 5.9. Councilman Adkisson advised no further discussion was requested.

15. Direct City Attorney to File Amicus Brief on behalf of City of Coalinga

Councilwoman Stolz pulled Item No. 5.15 for discussion.

Mr. Zamora gave a brief overview of the item. This is all regarding COVID-19 and perhaps gaining more local control. There are basically three ways: (1) send a letter requesting the order be lifted; (2) find a city or county that is actively suing the Governor and request to be involved so we could give input on behalf of the City of Coalinga; or (3) take some kind of direct legal action on our own against the Governor.

Councilman Adkisson suggested the first option and send a letter. The sample letter provide for the City of Placerville is pretty good. Basically, we would be saying we want local control. Who knows Coalinga better than we do? There are several other cities who have said they will sign on with us.

Councilwoman Stolz asked, what is the point?

Mr. Zamora stated, if you look at the sample letters attached, you will see they requested more local control especially in the cases of the rural cities and counties that are not located close to each other. The letter would be used to help persuade the Governor, as we go through these phases, that we should have some discretion. I think it makes a lot of sense in Coalinga's case because you are in Fresno County which obviously has the City of Fresno; however, you are located so far away from Fresno itself. There is no real impact, besides travel, that Fresno would have on Coalinga. It is a different situation than what you would have, say in the Bay Area, where you have multiple counties right next to each other with very dense urban areas. The point would be to express to the Governor and request his consideration in providing some leeway or adjustment on how fast we move through the phases.

Councilwoman Stolz asked, why do this now? During the last meeting we gave the business community our blessing to go ahead and open. Why spend the time and money to prepare this letter now when we have already gone against the Governor?

Councilman Adkisson explained, we have given the community our blessing, but the State has not. The State could still come in and penalize businesses. This could help alleviate that threat for businesses.

Councilwoman Stolz asked, so you want to do this for businesses that hold a State license?

Councilman Adkisson answered, correct.

Councilwoman Stolz stated she agrees with doing the letter to make the request, but not with the \$600 cost associated with it. There was something similarly done through the League of California Cities.

Mr. Zamora suggested either the Mayor or Councilman Adkisson draft a letter and then let Marissa massage it and make any edits the Council may want.

Mrs. Trejo stated, the City has already sent two documents to the Governor requesting local control. One was the Resolution approved at the previous meeting and the other was the League's letter. Councilwoman Stolz had requested that as a Future Agenda Item, however I had already received the request from the League and the Mayor signed on to it. We could send another letter, but it was my understanding that Councilman Adkisson's initial thought was to send something that had a little more influence than just a letter.

Councilman Adkisson answered, yes because it will be attached to another lawsuit, correct?

Mr. Zamora commented, yes if you want to file an Amicus Brief, we will need to find another city or county that is actively suing the Governor.

Councilman Adkisson believes the more cities who sign on to it, the more pressure it will put on the Governor to lift some of the restrictions.

Mayor Lander stated he does not believe the Governor will lift restrictions for the City of Coalinga because it would set a precedent.

Councilman Adkisson stated, the pointed is to have the restrictions lifted for all the cities in the valley.

Mayor Lander stated, the hairdressers, barbers, and nail people have already filed litigation against the Governor. I believe there has been so much pressure that has been put on him and that is why Phase 3 is going to be implemented more quickly than what he originally stated. I do not believe we need to get into litigation.

Mr. Zamora clarified, the point is you want to give the Court and the State Coalinga's opinion on the matter, but you would not be a party to the lawsuit. You do have to obtain permission from the Judge presiding over the case to send in the Brief, but you do not become a party or have any exposure.

*Motion by Ramsey, Second by Singleton to Approve Consent Calendar Item Nos. 5.1 through 5.14. Motion **Approved** by Roll-Call 5/0 Majority Vote.*

*Motion by Adkisson to Approve the Filing of an Amicus Brief by the City Attorney on behalf of the City of Coalinga. Motion **Failed** from a lack of a Second.*

6. ORDINANCE PRESENTATION, DISCUSSION AND POTENTIAL ACTION ITEMS

1. Discussion and Direction regarding FY2020-2021 Budget Marissa Trejo, City Manager

City Manager Marissa Trejo gave a brief overview of the item, stating personnel expenses are now included. At the next meeting we will include revenue projections and at that time you will be seeing a full budget picture. The personnel expenses are what they are. Health Insurance premiums, CalPERS rates and unfunded liabilities have all increased. Places where adjustments can be made would be to the Deputy Fire Chief and three Firefighter/Paramedic positions which we are currently showing funding for half the Fiscal Year. These positions were part of your Measure J priorities. When you declared your priorities, you did not include a specific timeframe within the 10 years that you would institute those priorities, but they are currently included in the budget with a start date of January 1, 2021. This would be your flexibility without cutting current personnel. We are not focused on revenue projections tonight because we do not have those numbers however, we are looking at a General Fund deficit of about \$385,000 for next year. At the next meeting we will provide some recommended changes, however you will basically be looking at three options: (1) adopt a budget with a deficit (not recommended); (2) cut expenses; (3) find additional revenue.

Councilman Adkisson asked, why has administration doubled?

Mrs. Trejo explained, the Redevelopment Agency ("RDA") has gone away and through the Successor Agency we have been able to allocate funds towards administration costs for the wind-down of the former RDA. Those funds will continue to dissipate over time. The City Clerk's position had a large allocation from the RDA funds and now that it is going away those costs need to be absorbed into the General Fund.

Mayor Lander asked, when do you anticipate the RDA will be dissolved?

Jasmin Bains stated, it is not completely dissolved. We will continue to submit for an Administrative Allowance. In the previous years the City was requesting the full \$250,000 allowance allocation, however as the properties are sold off and the activities of the former RDA dwindle down, requesting the full \$250,000 was no longer justifiable nor would it pass the Fresno County Oversight Board.

Mayor Lander requested a roundtable workshop to go over the budget for possible cuts.

Consensus of the Council is to schedule an in-person Special Budget Workshop to review the budget.

2. Discussion and Potential Action Regarding the Development of a Cottage Home Program in Coalinga Sean Brewer, Assistant City Manager

Assistant City Manager Sean Brewer gave a brief overview of the item, stating should Council decide to move forward with this type of project it will take some time to setup. Staff will prepare a subsequent report to the Council and layout the process, timeline, cost, and implementation of the project. We have been working with Self-Help Enterprises ("SHE"), as they brought to our attention the Permanent Local Housing Allocation Grant Program ("PLHA") which we believe can fully fund the cottage home program. It is a six-year housing program

that addressed housing issues specifically to accessory and second dwelling units. I do have some quotes from SHE and our grant writers for costs associated with requesting the funding through the grant program. This is an entitled grant program, so it is not something we have to go out for competitive bid. There is an allocated amount to the City of Coalinga for this program we would just need to go through the process in requesting funds.

Mayor Lander said he is familiar with this program and is in favor of implementing the program in our City.

Councilman Adkisson asked if we would use the same three plans the City of Clovis is using or if we would come up with our own plans?

Mr. Brewer suggested we use our own plans - unique styles that fit with the City of Coalinga. The architect they used did a good job in terms of minimal space for the accessory units. We can put it out to a few architects and see what kind of concept designs we get back. We should be eligible for up to \$618,000 PLHA funds over a 5-year period which should be enough to implement the program. This would be coupled with other grant funds we will be receiving for alley improvements.

Councilman Adkisson requested the Council be able to approve the different design plans once prepared.

Mayor Lander confirmed Council will be able to approve the plans before moving forward with the program.

Mr. Brewer stated, the entire program package will come back to the Council for consideration and approval.

Mayor Lander is happy to hear we would be receiving additional grant funds for alleyway improvements.

Mrs. Mary Jones asked, how will this work with zoning and expectations of a neighborhood? Will this not cause a greater density in neighborhoods?

Mr. Brewer explained, the State of California requires local jurisdictions to provide for second dwelling units and it would be contrary to State law if we did not. The program is designed to provide additional affordable housing for the community. You may get a unique group of folks interested in the units since they are smaller, single bedroom spaces, only about 500 sf. Impact to sewer and water would be minimal as they would be connected to the existing residency. The units cannot be sold separately.

Councilman Adkisson asked if residents already can build a second residence on their property?

Mr. Brewer answered, yes if they meet certain criteria. State law has allowed for that to occur.

Mrs. Mary Jones asked, is the zoning irrelevant? I do not live off an alley so it will not affect me, however she does own property and it would not make me happy.

Consensus of the Council is for Staff to Pursue the Cottage Home Program.

3. Discussion, Direction and Potential Action regarding Preparation of an Ordinance to Allow for an Additional Retail Cannabis Facility with On-Site Consumption (Consumption Lounge) and Further Consider Negotiating a Development Agreement with Claremont Capital Partners in Order to Facilitate the Development and/or Use of the Property as a Medical and/or Recreational Cannabis Dispensary with Onsite-Consumption
Sean Brewer, Assistant City Manager

Assistant City Manager Sean Brewer gave a brief overview of the item. The additional information the Council requested at the previous meeting has been included with the Staff Report.

Mr. Zamora commented that Casey Dalton from Ocean Grown and David Hitchcock, her legal counsel, are both available to answer any questions.

Mrs. Mary Jones commented, it took a vote by the citizens to allow for a dispensary and now we want to double the original plan without consulting the residence. It sounds like this could present a problem.

Mayor Pro-Tem Ramsey asked if Mr. Zamora had reviewed the development agreement.

Mr. Zamora stated he had not had a chance to review the agreement.

Mayor Pro-Tem Ramsey suggested Casey have a moment to speak. *There was an issue with Mrs. Dalton being able to speak.*

Councilman Adkisson asked if the lounge would be taxed just like the dispensary.

Mr. Brewer answered, yes they would be on the same 10% gross receipts tax. Unless it is negotiated differently under the development agreement. I am not aware of any changes.

Mayor Pro-Tem Ramsey stated, Mary was correct we did vote and the only thing we cannot change is the tax.

Mr. Zamora confirmed the tax cannot be increased beyond what the voters originally approved, however the number of dispensaries allowed could be changed.

Mayor Lander asked if Police Chief Darren Blevins was available to speak.

Chief Blevins stated he would be recusing himself from the discussion for a conflict of interest.

Councilman Adkisson believes the development agreement is well drafted. He further believes the City is looking at budget shortfall after we spent so long trying to get out of debt and we need to find ways to increase revenues to the City. Part of how we do that is to make ourselves attractive to all new businesses. This could be a way we help close that shortfall. There is long term viability for a business such as this, cannabis, and a dispensary with a consumption lounge. I believe these lounges will be no different than bars are now. We have an opportunity for additional revenue and to be a leader in the valley again.

Mayor Pro-Tem Ramsey commented, there are other cities in the valley who are currently trying to do the same thing. We have some companies that want to pursue this. We need to be selective like we were with the original dispensary. I believe we have been fortunate with the companies we have worked with thus far and I would like to continue with that. I am in favor of going with Option No. 3 which includes the development agreement.

Councilman Adkisson agrees, the quicker we get on this the better and the more revenue we will generate. We may forfeit that revenue to another city otherwise if we do not act soon.

Mayor Pro-Tem Ramsey agreed.

Councilwoman Stolz asked if we approve this tonight what will be the turnaround time?

Mr. Brewer believes the development agreement will need to go through the public hearing process and would be subject to CEQA (California Environmental Quality Act). If the Council approves, we would begin negotiations and then bring back the development agreement for Council's approval after a noticed public hearing.

Councilman Singleton is against the onsite consumption. I understand the revenue potential, however I am just not sold on it. The citizens agreed to one retail facility, but they did not agree to the onsite consumption.

Councilman Adkisson believes after things have evolved enough over the past few years the public would be fine with it. Can anyone confirm if Lemoore and Hanford approved consumption lounges?

Mrs. Trejo stated, the Lemoore City Manager has told me they will be having a consumption lounge coming to their downtown area very soon. We share the same law firm as Hanford so perhaps Mr. Zamora may be able speak about their possibility of a consumption lounge.

Mr. Zamora stated he believes that is Hanford's intent, but is not aware of any solid plans as of yet.

Councilman Adkisson stated, if we are not going to be apart of the wave of the future we are going to lose out on a whole lot of revenue. We are already talking about losing a half million dollars in revenue. How are we going to make that up? Do we really want to layoff Fire and Police? This is how we can close the gap.

Mayor Pro-Tem Ramsey agreed. As a Council we did say if we were going to get into this, we were going to get into it all the way. We need to support the businesses we have now and do whatever it takes.

Councilman Adkisson stated, we should try to lead the way in this and try to be the first ones to open just like we were with cannabis. There were a lot of concerns with cannabis and none of it has happened. I think the people are more comfortable with cannabis now than they originally were. I think in general, they would support something like this.

Mayor Pro-Tem Ramsey suggested we try to get Mrs. Dalton back on to speak.

Mr. David Hitchcock stated, they prepared the development agreement along the lines of what was requested. My only additional comment is to request the Council to review it now.

Mrs. Casey Dalton commented, we have found the City of Coalinga to be an incredible partner for over four years now and have been able to contribute over \$974,000 in taxes throughout our project at the Claremont facility. When retail was an option, we intentionally did not throw our hats in the ring because we wanted another operator to be able to contribute to the City at the same time. Unfortunately, the applicant did not come through with the projections they presented to Council. We now have an opportunity to partner with a very large worldwide brand and bring a significant amount of revenue and attention to the City of Coalinga. By making Coalinga a destination we can create, not only the business and revenue dollars through the store and the consumption lounge, but also be able to offer a live music consumption lounge which is unheard of in California. The request for immediate action has to do with the opportunities that our partner has in other cities that are close to Coalinga. If we do not act soon, we could lose this opportunity. Mrs. Dalton asked the Council to consider what we have done for the City, our strong partnership and who we are, when making their decision. The consumption lounge is not something we take lightly and we appreciate Councilman Singleton's concerns, but after doing an immense amount of research, we found that most people who consume cannabis often do it within their vehicles within the first 10 minutes from making the purchase in the store. That puts someone who is under the influence on the road. Coalinga is in an area where most people will drive to pick up the products they are looking for. We believe the consumption lounge is similar to a bar where someone may walk in and order a beer, order a burger, watch a game and then get in their car and drive home, instead of that person who pulls over, walks into a liquor store, gets a tall can and drinks it on their drive home. We believe a consumption lounge is safe place to medicate, where staff can keep an eye on the patrons, the same way a bartender would watch how many drinks a consumer would drink in an hours' time at a bar. This lounge is going to be beautiful, about 1,500 sf, where someone can relax. We are planning on having local businesses, like The Salty Pickle. Have menus on the table, where a local business could bring over a sandwich. You could have a cup of coffee. You can consume your cannabis, all within a safe environment that is legal. Some people do not want to consume cannabis at home in front of their children. Some people don't want to consume cannabis in their cars. Times are changing and Coalinga has put their neck out and took that first step with us to allow cannabis. You were the first in Fresno County and the first in the central valley. I want to see Coalinga benefit and reap the rewards that come along with the taxation of our industry and be the first again. I would never put this City at risk. I have strong relationships with the people, and I want to protect Coalinga with everything in me. I had a long conversation with the Police Chief this morning and went over his

concerns. I feel as though all of those can be addressed through design. We are 100% committed to the Police Chief working on the security plan with us so the community feels comfortable.

Councilman Adkisson asked if Mrs. Dalton could say which company she is planning to partner with?

Mrs. Dalton stated, I would love to tell everyone, unfortunately they do not want their name out there until the development agreement has been signed. Once it is signed, we will shout it from the rooftops, and I can imagine there will be a lot of press surrounding the fact that Coalinga will have this kind of opportunity.

Barbara Rodriguez is in favor of having a consumption lounge.

Jeanine (no last name given) wrote in to say, the difference between going to a smoke lounge and a bar is that a person can be tested for driving while intoxicated by alcohol.

Mr. James Vosburg wrote in to say, I suspect if the Council approves this without putting it to the vote of the people, many people will feel as if the barn door has been opened when that wasn't necessary their intent.

Bob (no name given) wrote in to say, thank you for your assistance with running this meeting and the public comments. Recognizing the City of Coalinga is facing a budget shortfall, the allowance of an additional cannabis business to operate with onsite consumption is expected to generate additional revenue that can be allocated to providing essential services. Allowing a facility for consumption will create a destination for not only the residents but for others throughout Fresno County. Ocean Grown Extracts and Claremont Capital Partners have brought value to Coalinga and helped shape the framework of cannabis regulation that put Coalinga at the forefront of the valley and the State. This is another opportunity to be at the forefront.

Lilly (no last name given) wrote in to say, we need more choices in Coalinga. I want to be able visit a cannabis lounge. I think people will come from all over the valley to see this.

Mr. Nathan Vosburg commented, we went through this a long time ago. We put it to a vote of the people, and it passed. Nothing has changed since then. Ocean Grown has been there every time for the City. When this first started, Ocean Grown were the first to move forward and they were the ones who paid a lot of the City Attorney's fees. They bought the prison for \$4.1 million when the City was in its time of need. The next year, the City was still in debt by \$600,000 and they bought the animal shelter. My point is, they have come through. The City has raised over \$9 million in total sales in property. A lot of that went to the RDA which benefited the schools, libraries, etc., but no one sent money back. If you don't move forward you lose. We need to continue to move forward. There is no guarantee that any business will stay in business. I am always in favor of letting people move forward. I think that Ocean Grown and Claremont Capital have come through for the City. I think this will be a good thing. It was grueling when we were initially trying to bring in cannabis. We listened to everything bad and we took that all into consideration and none of the negative things came true. We have not had an increase in crime; we have not had a lot of people getting busted. I recall when Chief Salvador was there, I can count on one hand how many incidents that happened with the entire industry and most of them were theft from cars where people had stolen stuff at remote places. There is much more that happens at bars and much more that happens at local gas stations. I hope that the Council continues moving forward and receives revenues the City needs. This COVID thing is going to be a big deal. I looked at your budget and everything has gone up. Mayor Lander moving the budget discussion to a separate meeting was a brilliant idea, however I disappointed you do not already have revenue projections. If a new hospital was coming in, you wouldn't be asking for our opinions. You would be looking at an agreement and you would decide. I think this is the same thing. I would support this if I were up there.

Councilman Adkisson asked Mrs. Dalton if she knew how many jobs this may generate.

Mrs. Dalton answered, we are currently employing 53 full time employees with full benefits. *(Mrs. Dalton cut out for a moment)*. We anticipate the retail store and lounge would bring another 23 full time jobs with benefits.

Councilman Adkisson asked Mrs. Dalton if she could project what the tax revenue might be from this.

Mrs. Dalton answered, we have gauged, based on the population, and other stores we have opened with our partner, the revenue to the City would be in the neighborhood of \$800,000 annually.

Councilman Adkisson said, let's take your \$800,000 and say its going to be a terrible year and we are only going to get half of that \$800,000, so we are going to generate \$400,000 in revenue. How much will that help close the gap?

Mrs. Trejo stated, if our revenue projects show that we would have a deceit, and even with leaving in the Deputy Fire Chief and the three Firefighter/Paramedics positions for half the year, you would be looking at \$385,000 give or take. So even during a bad year that you are referencing, you would have a balanced budget.

Councilman Adkisson stated, we have led the way with cannabis in the valley. You have Lemoore and Hanford who have not even gotten on the band wagon yet and we are \$9 million ahead of them, overall. Whether you want to be a part of this or not, whether you partake in this or not, cannabis consumption lounges will be no different than bars 10 years from now. They will be everywhere. The people have voted, and they said they wanted cannabis in the City. They said they wanted it throughout the State. We need to lead the way. We have a lot of revenue that will come into the City, if we do.

Mayor Pro-Tem Ramsey was hoping to go ahead and approve the agreement tonight.

Mr. Brewer indicated the development agreement would require a public hearing process. It may also need to go through the Planning Commission prior to the Council.

Councilman Adkisson asked for clarification on approving the development agreement now?

Mr. Zamora stated, you should not as it has not gone through the right channels. I have not reviewed it because that was not the Council's direction. The direction at the previous meeting was to bring back more information. If that is what you want to do, Sean and I can go as fast as you want to get it pushed through.

Mayor Lander commented, the item says prepare an ordinance. Don't we have to have an ordinance in place before we can do a disposition and development agreement?

Mr. Brewer answered, I believe we can run it concurrently.

Mr. Zamora said, we can run it concurrently, but we cannot approve the development agreement ahead of the ordinance.

Councilman Adkisson asked, can we approve the ordinance and then approve the development agreement?

Mr. Brewer indicated we do not currently have an ordinance. The ordinance needs to be drafted, brought to the Planning Commission, and then brought to the Council just like any other ordinance. This is a land use ordinance so it will require a Planning Commission recommendation and Council approval and then a second reading.

Mrs. Dalton stated, it is my understanding that you can vote for the ordinance first and then an approval on this development agreement. We worked hard on it and did our research. We submitted it within the deadline so it could be considered tonight.

Mr. Zamora stated, I appreciate your opinion, but that is not correct. What the Council instructed us to do last time was to come back to them with these options. The applicant has submitted the development agreement, which they did on their own. So now that we have something, we can move forward if we also approve the ordinance. It is not on the agenda for approval of the development agreement.

Mrs. Trejo clarified; I believe that was the intent. Mayor Pro-Tem Ramsey submitted the development agreement asking for it to be placed on the agenda for consideration. He sent that in as a Future Agenda Item by the Council deadline to request items. Due to the fact it was listed on their as an option for number 3, I think that is why they thought they could take action it tonight.

Mr. Zamora stated, even then you must have the ordinance going forward. You can give the direction to advance the ordinance and for us to work on the agreement. The ordinance itself will take what, 60 days?

Mr. Brewer answered, about three meetings. Although I pretty much have the ordinance ready to go. We could get it noticed quickly and get it on the Planning Commission agenda for their June 9th meeting.

Councilman Adkisson asked if Mrs. Dalton's attorney could give his thoughts on it.

Mr. Hitchcock stated, I am not entirely sure why the ordinance must proceed the development agreement. I will also admit to the Council that government code and CEQA practice is not my primary practice so it is not something I am comfortable with. It would not be my place to advise the Council at all on those matters. Mario, why can't the development agreement stand on its own?

Mr. Zamora answered, because you can not have an agreement for something that is not legal. The way the zoning is right now, the lounge is not an allowable use, so we would have an agreement for something that, per the ordinance, is not allowed yet.

Mr. Hitchcock asked, but the development agreement authorizes the use, so why can't the development agreement create that use?

Mr. Zamora answered, because you cannot create zoning through a private party agreement like that.

Mr. Hitchcock stated, that is not my understanding of the process of development agreements, but again, respectfully I am not the Council's attorney.

Mayor Lander mentioned, as the Council we are obligated to listen to our City Attorney.

Mr. Zamora stated, if there is some need, short of the timeline we've laid out, it wouldn't be that big of deal to get the ordinance approved and then immediately have this on for a special meeting or whatever they needed. I am not sure what their timeline is, but we have to go through the proper process for changing the ordinance.

Mr. Hitchcock asked, isn't the retail use an allowed use?

Mr. Zamora answered, yes, but not the lounge.

Mayor Lander asked, so basically our hands are tied until the ordinance is put in place?

Mr. Zamora stated the ordinance is the primary thing that needs to be changed so we can get everything else rolling.

Mrs. Dalton asked, can we make the changes on the spot so at least we have the City Attorney present as well as our attorney. And then we can table the lounge portion and move forward with the retail since the retail is allowed.

Mrs. Dalton commented, I do not mean to be so pushy here, but my concern is that you are going to lose a worldwide operator due to timing. This is something that has been in the works and that we have been discussing over six months now. It was not easy procuring a partner this strong that is going to bring this kind of recognition and cash dollars to the City. We could potentially lose them. We thought we were going to have a vote last week. Our attorney has worked overtime to put this together and meet the deadline which was last Wednesday. We turned all of this in in hopes that Sean and Mario would have a chance to review it prior to the

meeting today. I cannot stress enough that we may lose this opportunity because we have strung this partner along. Anything we can do to show some good faith, maybe a retail and then have a special meeting for the lounge portion, that would be greatly appreciated.

Councilman Adkisson asked, what is the process for approving an ordinance, how long does it take?

Mr. Brewer answered, it takes three meetings. A public hearing at the Planning Commission meeting, a first reading at a City Council meeting and then a second reading at a subsequent City Council meeting. That is State law under planning and zoning.

Councilwoman Stolz asked, is there a certain timeframe in between each meeting?

Mr. Brewer answered, you must have 10 days' notice prior to the Planning Commission meeting, which we can do for the June 11th Planning Commission meeting. The first City Council meeting would be on July 2nd.

Councilwoman Stolz asked, if we must have an ordinance in place before we approve anything, is there a way to streamline this process through special meetings with the Planning Commission and the Council?

Mr. Brewer answered, yes as long we have time to give the appropriate public notice.

Councilwoman Stolz asked, is it 10 days for Planning Commission and not 72 hours like it is for Council?

Mr. Brewer indicated that is different. You have noticing requirements for agendas and then you have public notification for an ordinance. You need 10 days for a public hearing as well as the introduction and second reading.

Mr. Zamora asked Mrs. Dalton and Mr. Hitchcock if it would be helpful to have Council approve an agreement that would not be effective until the ordinance comes into effect?

Mrs. Dalton indicated that would be very helpful.

Mr. Zamora suggested Council proceed with the ordinance revisions and give direction to staff to review, with the City Attorney, and then enter into a development agreement with Claremont Capital Partners which would include language to say that it would not be effective until the ordinance was passed. It would not speed up the required public hearing process, but if it will help them show good faith to their partner, it is a possible solution.

Motion by Ramsey, Second by Stolz for Staff to Prepare and Ordinance for an Additional Retail Cannabis Facility with On-site Consumption and to Enter into an Agreement with Claremont Capital Partners in order to Facilitate the Development and Use of the Property with the Retail Cannabis Dispensary and On-site Consumption subject to, and not effective until, Council's Approval of the Ordinance. Motion Approved by a Roll-Call 3/2 Majority Vote. (Singleton and Lander Voted "No").

Mayor Lander asked, what will the process be now to move forward?

Mr. Zamora clarified, we will proceed with amending the ordinance and submit it through the Planning Commission with the proper noticing requirements and at that same time we will be working with Mrs. Dalton and Mr. Hitchcock on a development agreement that will not be effective until the ordinance is passed.

4. Discussion, Direction and Potential Action regarding the Preparation of Zoning Text Amendment to Allow Commercial Cannabis Outdoor Cultivation in the Manufacturing and Business Light (MBL) Zoning Designation.

Sean Brewer, Assistant City Manager

Assistant City Manager Sean Brewer gave a brief overview of the item.

Mayor Pro-Tem Ramsey asked if Mrs. Dalton would like to speak on the matter.

Mrs. Dalton stated, when we purchased the Claremont facility the goal was always to be able to farm on the land. We wanted to have manufacturing, a small amount of indoor cultivation and then also be able to do greenhouses on the acreage that we have, which is close to 23 acres. We purchased the animal shelter from the City with the ultimate intent of being able to cultivate outdoors. The price of greenhouse construction is astronomical, and not environmentally friendly in comparison to an outdoor grow. What we are asking for today with the cannabis ordinance is for the City to allow outdoor cultivation. We have spoken to the Police Chief regarding the security measures and have taken into consideration everything the City has asked for, as far as not being able to view the plant from a distance. We are asking to be able to move forward. Our plans would include starting with 5 acres of outdoor cannabis. With the current tax rate, the first 5 acres would generate more than \$1.4 million annually in tax revenues. However, our goal would be to scale up to 15 acres within year one. We would then be looking at being able to bring in more than \$4.5 million in tax revenues. Not to mention the additional jobs that would be created within the community.

Councilman Adkisson asked, can we change the one-mile radius for residential homes to one-mile radius within the City of Coalinga?

Mr. Brewer indicated we would only have regulation over the City of Coalinga. It would apply to anywhere within the City limits.

Councilman Adkisson asked, what would the permit fees be on something like this?

Mr. Brewer answered, that is something we will need to look at, unless we identify it as the cultivation fee that we currently have. Since we don't have outdoor cultivation fees, we will need to look at updating those fees to include them.

Councilman Adkisson asked, it would be the Council's decision on what those fees would be?

Mr. Brewer stated, we would take our normal base rate and then we work with our consultants to figure out how long it takes for an inspection of an outdoor cultivation as opposed to an indoor cultivation. They would give us a fee breakdown like they did recently for microbusinesses. It would be the same exercise. Unless its Council decides the process should be the same for any cultivation operation, then it would just be based on size. We would bring the recommendation back to Council for consideration.

Councilman Adkisson asked, the State's licensing fee is only \$1,500 per acre, correct?

Mr. Brewer stated, unfortunately I do not follow the fees at the State level.

Mr. William Bordeaux commented, that Ocean Grown bailed us out and I think we should all be trying to help them succeed. I would like to echo many of the comments in favor of supporting her with the last agenda item. This is a no brainer; we have regulation that requires greenhouses where it has been proven the location is one of the best growing regions in the world so why would you add the additional costs. The taxes are already so burdensome. They are trying to help the community help its Police and Fire. We are in dire straights and we have no idea what is going to happen coming out of the coronavirus. If have expertise that will help the community, I am willing to lend it. I want to help create opportunity and jobs for the City of Coalinga.

Mrs. Dalton asked for the Council to act tonight. The ordinance changes we submitted by the deadline last Wednesday to be on the agenda and I am asking if we can move forward with them. The reason why our attorney David Hitchcock is on the phone is to assist with any changes to the ordinance. We understand this is going to require a Conditional Use Permit ("CUP"). Everything will be addressed through the CUP process. Many other cities and counties are doing outdoor cultivation. The most popular outdoor grow is in Lake County. Their outdoor cultivation is \$1 per square foot. We have a unique opportunity with the former prison, it will be more secure for this type of use and it is located just outside of the City limits. As William shared, he

along with many other with expertise in agriculture, are willing to help us cultivate this land in an economic fashion and environmentally safe, all while creating tax revenue for the City. This type of tax revenue is beyond what we are currently doing and is sustainable. Right now, we contribute about a quarter of million dollars with our existing use. This, with just the 5 acres, would create more than \$1.5 million to the City, in addition to the retail dollars we spoke to earlier.

Mayor Pro-Tem Ramsey asked Mrs. Dalton how much she thought the 5 acres could bring into the City in its initial phase.

Mrs. Dalton explained, it is \$7 per square foot so 5 acres would generate \$1,524,000 to the City; however we anticipate we would scale up to 15 acres considering we have over 22 acres at the Claremont site. The first year we could guarantee we could farm on 5 acres, but I can reassure you that 10 acres is right around the corner and would happen within the first year as well. We plan to use autoflowed seeds. Those seeds are designed to replant several times a year. We are looking at a 75 day turn around each time you plant. We will be able to work through a lot of kinks, whether it is water lines or the way the sun is hitting them, we will be able to work through quickly and scale up to additional acres.

Councilman Adkisson asked if we were determining permit fees now?

Mayor Pro-Tem Ramsey believed they are looking for direction on all the blue sections that have been added.

Mr. Brewer indicated he had reviewed the additional language; however, the changes will have to follow the same process as we discussed during the last agenda item.

Mayor Lander suggested, this ordinance be brought back at the same time as the other one.

Mr. Zamora stated, there is no way to shortcut the process for this item, but we can set it up to go along with the other ordinance.

Mr. Brewer stated, it could be brought as one ordinance or two separate ordinances, but it could all be done at the same time. Mr. Brewer laid out the formal process for ordinance approvals per the State law for the Council. In the meantime, we can begin working with the applicant on everything else.

Mrs. Trejo stated, we just need that direction from the Council whether you are ok with outdoor cultivation and for Staff to move forward.

Motion by Ramsey, Second by Adkisson for Staff to proceed with a Zoning Text Amendment to Allow Commercial Cannabis Outdoor Cultivation in the Manufacturing and Business Light (MBL) Zoning Designation. Motion Approved by a Roll-Call 5/0 Majority Vote.

7. ANNOUNCEMENTS

City Manager's Announcements:

Mrs. Trejo announced Fresno County recently moved to Phase 2.5 for reopening. There are some guidelines for restaurants to allow dine-in service. Information has been posted on the City's Facebook page. The County is stating there is a form restaurants must complete and submit to the County to reopen. The County is also allowing retail stores to reopen if they follow the guidelines.

The Public Works Department has been working with the Coalinga Huron Unified School District to display banners of the high school graduates on the poles in the downtown area. The City does not own enough poles to recognize all the seniors at once so the banners will be rotated every two weeks until all the senior banners have been displayed.

On Tuesday, May 26, 2020 City Hall will have a soft reopening and will be open by open only and the Building Official will begin processing pool and solar applications and permits.

The next regularly scheduled City Council Meeting will be held on Thursday June 11, 2020.

Mayor Pro-Tem Ramsey asked, the veteran banners will go up after the high school senior banners have come down, correct?

Mrs. Trejo answered yes, they will go up as soon as the other banners come down. They usually stay up through Veteran's Day, however they will stay up however long they are delayed by the senior banners to help make up that time.

Council Member's Announcements:

Mayor Pro-Tem Ramsey announced they are having Memorial Day service at the flagpole at 8:00am and 5:00pm.

Mayor's Announcements:

Mayor Lander thanked everyone for following the social distancing as much as they can. That is why are virus statistics are lower than most places. Yesterday, I, the City Manger and Councilwoman Stolz had a conference with TJ Cox about the hospital. We also had two Hospital Bandmembers, Bill Lewis and Linda Balling as well as the CEO representing the Hospital on the call. The topic was how we can all work together to speed up the opening of the hospital. Contrary to what some people think, the hospital is still planning to reopen. It was a positive call.

8. FUTURE AGENDA ITEMS

Councilman Adkisson requested a Future Agenda Item to use another platform for conducting the webinar meetings.

9. CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS – Government Code 54957.6. CITY NEGOTIATORS: City, Marissa Trejo and City Attorney, Mario Zamora. EMPLOYEE (ORGANIZATION): Nonrepresented Employees

10. CLOSED SESSION REPORT

None

11. ADJOURNMENT 8:24PM

Ron Lander, Mayor

Shannon Jensen, City Clerk

July 16, 2020

Date