

# MINUTES

## City of Guadalupe

Special Meeting of the Guadalupe City Council  
Tuesday, May 18, 2021 at 6:00 pm  
City Hall, 918 Obispo Street, Council Chambers

1. **ROLL CALL:**

Council Member Liliana Cardenas  
Council Member Gilbert Robles  
Council Member Eugene Costa Jr.  
Mayor Pro Tempore Tony Ramirez  
Mayor Ariston Julian

*Council Member Cardenas was absent. All others were present.*

2. **MOMENT OF SILENCE**

3. **PLEDGE OF ALLEGIANCE**

4. **AGENDA REVIEW**

At this time the City Council will review the order of business to be conducted and receive requests for, or make announcements regarding, any change(s) in the order of the day.

5. **COMMUNITY PARTICIPATION FORUM**

Each person will be limited to a discussion of three (3) minutes or as directed by the Mayor. This time is reserved to accept comments from the public on Consent Calendar items, Ceremonial Calendar items, Closed Session items, or matters not otherwise scheduled on this agenda. Pursuant to provisions of the Brown Act, no action may be taken on these matters unless they are listed on the agenda, or unless certain emergency or special circumstances exist. City Council may direct staff to investigate and/or schedule certain matters for consideration at a future City Council meeting.

### **PUBLIC HEARING**

6. **Introduction of Ordinance No. 2021-494 repealing Chapter 9.21 and adding Chapter 9.22 to Title 9 of the Guadalupe Municipal Code relating to commercial cannabis businesses and amending various sections of Title 12 (Zoning) of the Guadalupe Municipal Code to designate zoning districts for commercial cannabis businesses.**

Written Report: Todd Bodem, City Administrator

Recommendation: That the City Council, by motion, introduce, on its first reading and continue to the meeting of May 25, 2021 for second reading and adoption, Ordinance No. 2021-494 repealing Chapter 9.21 and adding Chapter 9.22 to Title 9 of the Guadalupe Municipal Code relating to commercial cannabis businesses, and amending various section of Title 12 (Zoning) of the Guadalupe Municipal Code to designate zoning districts for commercial cannabis businesses.

*Mr. Bodem gave a brief background leading up to tonight's discussion and adoption of the first reading of this ordinance. At the City Council meeting on March 9, 2021, staff presented a report on the topic of the possible legalization of cannabis uses in the City. Staff reported on the history of legalization of cannabis in California, the City status with respect to regulation of cannabis, and current cannabis law and policy issues. Council then gave staff direction to hire a cannabis consultant from Hinderliter, de Llamas & Associates (HdL). At the City Council meeting on April 13, 2021, HdL gave a presentation on cannabis policy and strategy options. The City Council then gave staff direction to hold at least one community workshop for community input about possible cannabis legalization in the City. That community workshop (a special joint meeting between the City Council and the Recreation and Parks Commission) was held on May 12, 2021 attended by between 30-40 participants.*

*The staff report is basically a syllabus best practice with the ordinance to discuss operational and legal aspects of the ordinance. It is recommended that there be a public hearing; that the full reading be waived, read by title only; introduce for first reading, and continue to the City Council's regular meeting of May 25, 2021, for second reading and adoption. At this point, Mr. Bodem turned the discussion over to the HdL consultant and City Attorney.*

*Mr. Philip Sinco, City Attorney, said, "This is a draft of a regulatory ordinance that permits you to create procedures if adopted before July 1, 2021. Some of the highlights of the ordinance are: 1) minor additions to zoning ordinance; 2) minor amendments to allow for retail use of cannabis; 3) use of 3 to 4 zones and all the others for industrial and manufacturing; 4) can only be conditional uses that require another hearing for the City Council; and 5) select businesses that might be entitled to getting cannabis permit.*

*Mr. Sinco continued saying that it was important to adopt this ordinance before July 1, 2021. Proposition 64, State law, has an exemption from CEQA if adopted prior to July 1<sup>st</sup>. By adopting this ordinance before July 1<sup>st</sup>, it saves the City tremendous amount of money from having to do extensive CEQA reviews.*

*Other highlights of the ordinance are that there will be background checks for business owners and employees, passing with no felonies or any other conditions as stated in the ordinance. Council can decide the maximum number of businesses and types of businesses by resolution at a later date. Ordinance requires businesses would agree to provide community benefits, such as in-kind donations, sponsorship of community events, financial support/services for schools, parks & recreation programs, youth, seniors, homeless, etc.*

*Mr. Sinco again said, "Tonight is to approve the first reading of the ordinance. If approved, the process will be determined later. The City has the right to not award a permit per the ordinance. It also has the right of revocation or suspension. There's also an annual re-application for a permit with fees involved but less than the initial application fee. Criteria for a selection process will be decided later by resolution. If change in ownership is more than 51% in a transfer, selling of business/license to another, this would require an evaluation and the process would have to start all over."*

*Mr. Sinco then spoke briefly about appeals. He said, "The City Council will handle all appeals of decisions pursuant to the ordinance, except the final decision granting an applicant a cannabis business permit since the City Council would be making that decision. (City staff makes all other decisions under the ordinance.) Because the City Council is making that decision, the only way to appeal would be to seek judicial review of the decision."*

*He continued saying that there's a section that limits the City's liability. The applicant must indemnify the City as a condition of approval of the permit. There are recordkeeping requirements and specific security provisions required for all these types of businesses. There are other technical requirements related to operations. For example, retail businesses. There must be licensed uniformed security onsite. There's age verification. Government identification must be shown. There are provisions for other types of businesses that are highly technical, too. A provision was added to the ordinance as a result of the recent workshop. City Council seems to be in favor of not allowing cultivation in terms of growing in the City but possibility of cultivation processing which is a sub-category. There's a need for that. Jobs are good paying and there may be some facilities that could attract a quality applicant. Those are just some of the highlights. But tonight, is to approve the ordinance. If approved, the process will be determined later."*

*Mayor Julian asked, "Is this (the ordinance) on the website? Mr. Sinco said that it was. The mayor then said, "There's a lot of detail there, 43 pages. You can tell there's a lot of experience with other jurisdictions in terms of carving it down to where this particular ordinance eliminates any questions or goes to that point. It's technical and serves us well in terms of making a determination."*

*Mr. Sinco added, "I expressed my gratitude to Mr. McPherson when I saw this and how well thought out it was. I realize now that neither our staff nor myself could have brought you a quality ordinance in time before the July 1<sup>st</sup> deadline. Your decision to hire HdL was a very good one." He then asked Mr. McPherson from HdL if he wanted to make any comments.*

*Mr. McPherson, consultant from HdL, re-emphasized the importance of what the City Council was trying to achieve the last time the Council got together. He said, "They're trying to get to that deadline. One key issue: are you going to move forward? Even if you adopt the ordinance, you don't need to move forward right afterwards. You have time to consider a process, etc. Just want the audience to know as well."*

*Mr. McPherson continued saying, "The second key issue: how you want to approach it with that decision. The City will have a lot of flexibility to slow down after this ordinance is adopted. Go*

*through a thoughtful process. Just because the ordinance is adopted, doesn't mean someone can come in and immediately get a permit. Again, that gives Council a lot more leeway to do what you want to do and think things through. At the backend, if a decision is to award a regulatory permit, the applicant must go through the process, such as public noticing and all other concerns associated with that. As for fees, there's full cost recovery. It's not like the City is subsidizing through the General Fund in order to make things happen."*

*Mayor Julian said, "There might be some concerns people may have about the location or zone. What's the distance from schools and legalities related to that? Or concerns about licensing, security, etc. He said, "This is just a cover. The specifics aren't there yet but this ordinance gives us the ability and approval to define a process with all those details. There isn't a rush to go into any specifics now. Those decisions have yet to be worked through. But there's a timeline in terms of approving this ordinance." The mayor then opened the hearing @ 6:16 p.m.*

*Mr. Stewart Jenkins started his comments by saying, "I'm not judgmental about folks who want to use this". He then read his handout which previously had been given to the Council. The summary of Mr. Jenkins' handout is as follows: "I provided you last week with scientific studies on risks to physical and mental health caused by cannabis/marijuana. Three demonstrate that use of Cannabis triggers Testicular Cancer. (3 times the risk) One, the Comprehensive study of the increased risks from both Tobacco and Marijuana, shows that Marijuana delivers 50% more, and 75% more than tobacco, respectively, of two primary chemicals that cause Lung Cancer. A study shows extensive increases in mental illness and violence caused by increased use of Marijuana. Another study demonstrates extensive increases in mental illness and violence caused by increased use of Marijuana, while another shows Cannabis causes significant increases in premature and low weight births. Mr. Jenkins then spoke about the importance of labeling. He said, "A bottle of wine and a pack of cigarettes both come with a warning label. It's critical...that any ordinance exposing Guadalupe to sales of Cannabis include required Warning Labels on all packaging, advertising, and processing and sales locations." He suggested that all packaging, advertising and processing/sales locations must display a health warning. He also said, "If you want to make money as a City to offset the impacts of this product, levy a City tax on each cannabis product sale... I want Guadalupe to stay corruption-free."*

*Ms. Shirley Boydstun: "The City is always looking for a goose to lay a golden egg to get the City out of financial difficulties. Some 30 years ago, the City lost \$80,000 to a very smart guy who was going to develop the old Genoa Hotel into a lucrative 'B-and-B'. Then 20 years ago, Pasadera was to be the key to the golden future. Has it helped? Yes, but it also opened up more costs for infrastructure upgrades, policing, etc. Was it the right move? Yes, it certainly has been but not for the right reasons. Now, will cannabis solve the current financial impasse? The budget is barely balanced, leaving no room for unexpected expenses. Other cities with their established retail places will keep their customers unless a retailer in Guadalupe can somehow attract them to our City. Tonight's news reported that Lompoc is looking to increase the taxes their retailers pay to their city. So, I ask you all. Think carefully in your decision tonight."*

Mr. Michael Rochlin asked that his handout be given to the City Council. The following is a summary of what Mr. Rochlin read from his handout: "Preserving history generates high-end tourism and an historic core serves as a center for maintaining healthy neighborhoods. By maintaining our town, what message is communicated (especially to the city's youth)? Maintain schools...a library...parks and playing fields...cultural buildings. However, if the city introduces Marijuana sales, the message is 'get high'. There have recently been a string of burglaries, illegal firearms confiscation and links to methamphetamine addiction...Domestic violence, mental health issues, and the addition of approximately 1,000 new housing units overburden police and fire departments...Adding drug sales to that equation will result in social issues the town is unprepared and unfunded to address. Instead, by maintaining the city's investments working with businesses to promote high-end tourism, we can keep Guadalupe a vital and financially viable place." (Mr. Rochlin also translated his comments in Spanish.)

Melanie Backer gave her comments. She said, "I moved from Los Angeles to Pasadena last October. I was at your Oso Flaco meeting which was great. I just heard about this ordinance last week and I attended the workshop. In Los Angeles, you're surrounded by marijuana dispensaries. It was really dangerous. People were driving smoking marijuana. People walking on the sidewalks smoking marijuana and harassing people. It was dangerous before the pandemic, and then it got really bad. I guess you need to pass this ordinance by a certain date without a cost and can then really dig deep. But think about this long and hard. Back in 2019 I was looking at homes. I went to the Dunes Museum, ate at a local restaurant. Things are just opening up now. I agree with other people in the community. This isn't going to save everything. Get Pasadena involved with the City. Get great parks. I took Amtrak to Solano Beach and it was glorious. There are other opportunities...if you open one, then just one. Don't want to be the 'Go To' place for getting marijuana. This is still a most beautiful place left in California without crime. This is one reason why I moved here."

Joe Armendariz, Director of Government Affairs with the National Healing Center in Grover Beach spoke. He said, "We have 18 cultivating ranches and five dispensaries located across five different cities. I did read the ordinance, all 43 pages. That was a good job by the consultant and your city attorney. Within the four corners of the ordinance, it's an ironclad agreement." He then referenced the prior speaker who commented on problems in Los Angeles. He said, "She was probably referring to illegal dispensaries. Look at the California cannabis law; look at cities' municipal codes, and then look at ordinances. Cities are creating a contractual scenario where these companies are regulated like no other business or industry in the United States. Will opening a dispensary here turn Guadalupe into Hong Kong, circa 1988? No. I invite you to come and talk to businesses and our corporate neighbors in Grover Beach. Ask them if they appreciate the 800 to 1,000 people who come there daily. Ask them if they appreciate the \$1.1million in taxes we've given each year to Grover Beach for parks, public safety, and other needed services that citizens are entitled to. I'd agree that one dispensary is enough but if it's the wrong dispensary, there's a problem." Then he said, "Here in Guadalupe, a legal dispensary in a legal market will cause the 'illegal behaviors and illegal activities' to go down. We support what you're proposing here."

Anna Marie Michaud said, "I was born and raised here in Guadalupe. We were once considered the 'Drug Center of the World'. I don't want to have that happen again. California says cannabis is okay;

*but Federal is not okay. Okay. But at what cost to our city? Yes, we'll get revenues for it, but I don't want to be labeled that we can come and get drugs in Guadalupe. I do know that if people want it, they'll get it, legally or illegally. Chief Cash gave us information before on the dispensaries in Lompoc and the processes followed there. You said that the City can request that the cannabis business must give community benefits. Can we legally do that? We can? How can we tell someone how they can spend their money? How are we going to know what they're buying and what they're selling? How's that going to be mandated? How are we going to keep track of their records? I'm in the middle on this. This will bring revenues to the City...but what will this do to our community? Our citizens? How will they feel about it? Maybe we should have thought to have them vote on it and let them decide and not the City Council."*

*Troy from 'Elevate Lompoc', a retail cannabis shop, gave his comments. He said, "I live in Lompoc. Our shop has been in Lompoc for two years now. We have more than 40 locals employed there. We contribute to the community. We restored a dog park. We cleaned up the open spaces around Hwy 246 & 1. We regularly volunteer at the River Bend Bike Park. We participate in food banks and toy drives. Last week, on May 15<sup>th</sup>, Armed Forces Day, we donated over \$3,000 in cannabis medication to local veterans. We provide medical outreach and education to local retirement homes as well as local veterans associations. Since COVID hit, which affected a lot of people in the area, we took a flat 25% off our entire store to make things easier for our consumers. We're interested in working with your community. We can bring the same type of outreach as well as clean, legal, safe access to cannabis."*

*The mayor closed the hearing at 6:39 p.m. The discussion was then brought back to the Council. Mayor Julian said, "When Prop 64 was on the ballot, the majority of Guadalupe residents voted to approve it. As you can imagine, we did our homework on this subject. On the comment about requiring community benefits, this is a requirement that we can have in a development agreement that says this is what we'd like you to do. Then they can agree to it. If they don't, then we relook the requirements. There are other requirements, such as sales documentation and finances; provide security, etc. Some of us went to Lompoc to do some research and were impressed with the security that was provided and required by its ordinance – top notch."*

*The mayor continued by saying, "For veterans...I'm a veteran. Every year 18,000 veterans commit suicide with drugs or weapons due to PTSD. That's a little over 50 a day, or two every hour. Organizations give free products to the homeless to relieve pain...not prescriptions, like oxy, etc. Organizations like 'Saving Veterans-One Plant at A Time'. A gentleman who spoke said this was an ironclad ordinance – it protects the City legally. One person mentioned being born and raised here. So was I and a number of others, too. For decades, there were gangs, drugs, and prostitution in our community. But that's in the past. Now we have one of the lowest, if not the lowest, crime rate in the County."*

*The mayor then referenced the comments by the person who recently moved to Guadalupe. He said, "The reasons you gave for moving here are the reasons why we stay. Yes, this is a beautiful place to be. We don't want the town to be drug infested, either. This ordinance puts a blanket on what can*

and can't happen here in town. We don't know the details yet. The ordinance is just what the City 'could do'." He then asked if the Council or staff had any questions or comments.

Council Member Robles said, "The community workshop was good. I think a big part of cannabis is the medicinal part. And I think that's missing here. We need to look at that. A lot of people with arthritis use cannabis. Stewart (Jenkins) spoke and talked about cannabis being recreational, but you can't overlook the medicinal value. Cannabis can help with a lot of things, like stress, arthritis, diabetes, etc. I wouldn't want to deprive someone of their medicine."

Council Member Costa, Jr. then gave his comments. He said, "There could be a lot of bad with cannabis, but the same with alcohol and tobacco. Tell me a city that's drug-free. I don't see this as the 'golden egg'. There's a lot more needed. How many people stay in town and buy things? There's really one grocery store. We all go outside to buy things. The ordinance looks good. If someone wants to have a dispensary or whatever here, they have to jump through a lot of hoops to get through. Gilbert (Robles) made a good point. Recreational? Okay, but medicinal part is good. How many people got in an accident because someone was high on pot versus someone drunk from alcohol? Domestic violence can happen. But drugs don't play a role in everything. Not saying anybody can come in and just get approved. Things will be regulated. We need to get the 'Feds' on board, too."

Council Member Ramirez had some comments to add. He said, "I want to see the vigor that was shown at the workshop last week continued here and keep it going. Although the ordinance is comprehensive, there needs to be a little 'tweaking' here and there. Cannabis is happening now and how can we capitalize on it? Like Air-B-and-Bs and cannabis delivery in town, the City doesn't get any monies. We need to think narrow to wide scope on all of this. Having been in the City Council for 4.5 years now, I've seen the pendulum swing both ways. When I first came on board, the City was in the red. I was 28 years old then. People have core values that have shown up in this ordinance. Happy compromise. Where's the happy medium? Cannabis won't solve all problems, but it can help the City. One other thing...we can take it back if we want."

Specific to the ordinance, Council Member Ramirez had several questions, the first was on page 7 – 9.22.08, 'Evidence of Cannabis Owners and/or Employees Background Check Required'. His question was if he had been convicted of possession of marijuana prior to 1996, would he be excluded from applying for a permit. Mr. McPherson said that this section of the ordinance related to felony arrests. He also said that for any felony conviction associated with cannabis, the individual would need to get their record expunged to qualify. Council Member Ramirez then asked, "Does this section really need to be in the ordinance?" Mr. McPherson said, "Yes, it's state law."

The next part of the ordinance that Council Member Ramirez had a question on was on page 17 – 9.22.26, C.5, 'Administrative Hearings and Proceedings'. Item #5 states that 'The Appellant may bring a language interpreter to the hearing at their sole expense'. He said, "We (the Council) recently had a presentation on language barriers. Our community has various languages and variants of languages. Is it really necessary to have the appellant bear the expense for an interpreter?" Mr. Sinco answered, "The City doesn't currently provide those services. I would recommend against

*removing this section since cannabis businesses presumably could afford to provide their own interpreters. But, if/when the City Council amended the Municipal Code so that interpreter services were provided, this provision could be removed. This could be one of the technical amendments to the Municipal Code I plan on doing once a year."*

*On page 20 – 9.22.33, C., 'Location and Design of Cannabis Businesses'. Council Member Ramirez asked, "What is the difference between a Conditional Use Permit and a Permitted Use?" Mr. Sinco said that a 'Permitted Use' would be for residential, single dwelling unit, duplex, etc. but a 'Conditional Use Permit' wouldn't be permitted as a matter of right." (For example, in an R-1 residential district (Permitted Use, single family home), there are certain rules. If the applicant follows those rules, it's simply a matter of approval by Building and Planning staff. However, a 'Conditional Use Permit' (CUP) allows the City to consider special uses which may be essential or desirable to our community through a public hearing process, but which are not allowed as a matter of right within a zoning district.) (Another traditional purpose of the Conditional Use Permit is to enable the City to control certain uses which have detrimental effects on the community.)*

*On page 38 – 9.22.50, 'Community Relations', the question was 'how will all of this be handled'? Mr. Sinco said, "We'd hold people accountable. The City would have the right to check in with the business to make sure things are going okay. We'd hold them to what they agreed to in the agreement. There would also be annual reviews. If the business isn't adhering to the provisions of the agreement, their permit could be suspended or revoked." Mr. McPherson added, "The City could set up meetings quarterly or whatever timeframe the City deemed reasonable. It would be part of the contractual agreement to meet whenever needed. Also, with public outreach, programs, brochures, flyers, etc. all have to have the City's approval."*

*Reflecting on comments made by some of the speakers, Mayor Julian said, "Pasadera. 'Golden Goose/Golden Egg. Can't be the 'Golden Egg'. Pasadera started in 2002. 200 acres were brought into the community. Then in 2008, everything stopped due to the recession. The developer wasn't going to move forward with any building. Then four or five years ago, construction started up again. It's planned to have over 800 homes built. We'll get property taxes from Pasadera homes as we do for the other homes here. In 2014 the City passed three measures by about 80%. In 2020, the City passed the full cent sales tax increase."*

*The mayor then talked about COVID. He said, "Our restaurants were considered 'essential' but a lot of them couldn't stay open. The Simpatia was closed for over a year and just recently re-opened. And Nardo's and the Guadalupe Café were both 'take-out only'. Sales tax revenues weren't there for over a year. Gene (Costa, Jr.) mentioned that 'cannabis isn't going to save us'. The City Council was elected by the residents for a reason and that was to help make Guadalupe flourish. The City Council took a stand on the Oso Flaco issue because it wasn't going to benefit Guadalupe."*

*The mayor continued by saying, "The development agreement is a legally enforceable document which has specific details. It will spell out commitments to Guadalupe, like wages, training, social services, etc. Like the gentleman spoke about earlier. We know companies will generate revenues*



*if we target what we heard. We have a new LeRoy Park. How will we maintain it? We will and have the means to do so because we learned from our mistakes. We won't let that happen again. The City will make decisions. We won't just let anyone come in and start a business. That's not what this community is about. The residents voted and said, 'Tax us.' We'll bridge a gap. Envision us as a great place to live."*

*Council Member Ramirez commented that there will be a lot of opportunity for community input along the way. Mr. McPherson then made comments about a 'regulatory ordinance'. Amendments to an ordinance can be made and voted on by the City Council. However, that can't be done if the ordinance is voted on by the residents. He said, "If the ordinance is voted on by the residents, the City Council couldn't amend. If the voters adopted the ordinance and it wanted to be updated by the City Council, they would not have the authority to make the changes. Thus, it is important to have the City Council adopt the ordinance to give them flexibility down the road when there needs to be changes made." Mr. McPherson also referred to comments about 'regulation'. He said that additional rules can be established but he's not concerned about that now.*

*Mr. Sinco said, "Warning labels should on the products. Advertising is regulated by state law. Businesses will have to adhere to what's in the ordinance. We'll be working on a sign ordinance which will have special rules. San Luis Obispo just recently had an issue with illegal billboards." On the issue of a cannabis tax, Mr. Sinco said that a tax may not make sense, but that decision can be made later. The focus now is to get the ordinance approved before July 1<sup>st</sup>.*

*Mr. Sinco also noted that there would be two corrections made to the ordinance: 1) page 18-B, change 'City Manager' to 'City Administrator', and 2) page 43-J, change 'Public Safety of' to 'Public Safety or'. Mayor Julian asked whether the recommendation stated on page 2 of the agenda needed to be turned into a motion? Mr. Sinco then read the recommendation with corrections to be incorporated and turned the discussion back to the Council. **Motion was made by Council Member Costa, Jr. and seconded by Council Member Ramirez to introduce the first reading of the ordinance with corrections. 4 Ayes; 0 Noes; Cardenas Absent 4/0 Passed.***

## **7. FUTURE AGENDA ITEMS**

*To be discussed at the next regular meeting.*

## **8. ANNOUNCEMENTS - COUNCIL ACTIVITY/COMMITTEE REPORTS**

*Council Member Ramirez mentioned that he and Mayor Julian were invited to attend a meeting with the County on our trails plan...to become a destination.*

## **9. ADJOURNMENT TO CLOSED SESSION MEETING**

**Motion was made by Council Member Robles and seconded by Council Member Costa, Jr. to adjourn to closed session. 4/0 Passed. Meeting adjourned to closed session at 7:24 p.m.**

**CLOSED SESSION**

**10. CONFERENCE WITH LABOR NEGOTIATORS**

(Subdivision (a) of Government Code Section 54957.6)

Agency designated representatives: City Administrator and Human Resources Manager;

Employee Organizations: Service Employees International Union (SEIU), Local 620

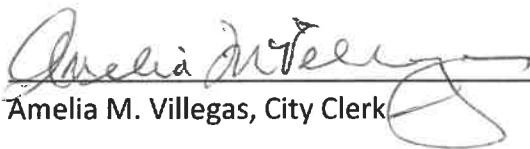
**11. CLOSED SESSION ANNOUNCEMENTS**

Motion was made by Council Member Costa, Jr. and seconded by Council Member Ramirez to adjourn to open session. 4/0 Passed. Meeting adjourned to open session at 8:03 p.m.

**12. ADJOURNMENT**

Motion was made by Council Member Costa, Jr. and seconded by Council Member Ramirez to adjourn. 4/0 Passed. Meeting adjourned at 8:06 p.m.

Prepared by:

  
Amelia M. Villegas, City Clerk

Prepared by:

  
Ariston Julian, Mayor