

**CITY OF CERES
PLANNING COMMISSION
MINUTES**

May 1, 2017

MEETING CALLED TO ORDER: 6:00 p.m.

PLEDGE OF ALLEGIANCE:

The Pledge of Allegiance was led by Chairperson Del Nero.

ROLL CALL:

PRESENT: Commissioners: Condit, Kachel, Molina, Smith, Chairperson Del Nero

ABSENT: None

ALSO PRESENT: Director of Community Development Tom Westbrook, City Manager Toby Wells, Director of Engineering Services/City Engineer Daryl Jordan, Associate Planner James Michaels, City Attorney Tom Hallinan, City Attorney Embert Madison, Administrative Secretary/Deputy City Clerk Ann Montgomery

CONFLICT OF INTEREST DECLARATION:

None

CITIZEN COMMUNICATIONS:

- Leonard Shepherd – 2841 Fowler Road, Space 71, Ceres, CA

Mr. Shepherd commented about article in the Modesto Bee about round-a-bouts in nearby communities in addition to the round-a-bouts in Ceres. He's all for round-a-bouts and feels Ceres could use a few more to alleviate some of the waiting at traffic signals.

- Dave Pratt – Ceres Citizen

Mr. Pratt shared that the last time he was at the Modesto City Council meeting, they spent three hours discussing electronic billboards. He suggested after Modesto gets one or two installed and we see what they look like, perhaps Ceres can think about putting some in.

CONSENT CALENDAR:

1. Clerk's Report of Posting. The Agenda for the regular meeting of the Planning Commission of May 1, 2017 was posted on April 28, 2017.

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2. Approval of Minutes

a. April 17, 2017 (Condit absent)

ACTION: It was moved by Commissioner Molina; seconded by Commissioner Kachel to approve Item 1 on the Consent Calendar. Motion passed by the following vote:

AYES: Commissioners Condit, Kachel, Molina, Smith, Chairperson Del Nero
NOES: None
ABSENT: None

ACTION: It was moved by Commissioner Molina; seconded by Commissioner Kachel to approve Item 2.a. on the Consent Calendar. Motion passed by the following vote:

AYES: Commissioners Kachel, Molina, Smith, Chairperson Del Nero
NOES: None
ABSENT: None
ABSTAIN: Commissioner Condit

CONSIDERATION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

None

PUBLIC HEARINGS:

3. Specific Plan Site Plan (SPSP 15-10 Time Extension); Proposal for a one (1) year time extension for a previously approved commercial project for the construction of a 14,010 square foot building for a general office and restaurant use at 3505 Mitchell Road. GDR Engineering, Inc. applicant.

Associate Planner, James Michaels presented the staff report.

The Public Hearing was opened at 6:09 p.m.

- Rick Ringler - GDR Engineering, 3525 Mitchell Road, Suite G, Ceres, CA 95307

Mr. Ringler explained that basically because of the economic conditions that have been in the valley, the owner hasn't been able to find the tenants that he wants to start building. However, Mr. Ringler has spoken to the owner, who is very sincere and wants to start the project this year.

The Public Hearing was closed at 6:10 p.m.

ACTION: It was moved by Commissioner Smith; seconded by Commissioner Molina to approve PC Resolution 17-04. Motion passed by the following vote:

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AYES: Commissioners Condit, Kachel, Molina, Smith, Chairperson Del Nero
NOES: None
ABSENT: None

(Continued from April 17, 2017 Planning Commission meeting)

4. Zoning Ordinance Text Amendment (ZOTA) 17-04; consideration for proposed Ordinance No. 2017-1039, amending Ordinance No. 2015-1035 – Marijuana Cultivation and Delivery, Sections 18.04.002 – Definitions and Imperative Provisions and 18.46.20(B) – Prohibited Uses of the City of Ceres Municipal Code, to allow a Development Agreement for the Kase Manufacturing project located at 4111 Brew Master Drive. Kase Manufacturing, applicant.

City Manager, Toby Wells gave a Power Point presentation. As we discussed at the last meeting, where he gave the Commission an overview of what we were talking about on the medical cannabis here in the City of Ceres and the provisions that the City Council has gone through and given staff direction on. This evening we will jump into the details that weren't ready for last time. The firm of Churchwell White has helped us tremendously over the last two weeks, trying to put this information all together. They put the Power Point together, which picks up where he left off two weeks ago. This evening we'll talk about that same summary of where we left off on the existing marijuana regulations, the overview of what we're calling a "Pilot Project," for moving forward on a specific use here, and the provisions of the Ordinance, the Development Agreement and the Zoning Ordinance Text Amendment and then look for your comments and direction as we seek to move this onto the City Council.

Mr. Wells continued, we talked about last time; the rules for cannabis in California have been evolving for 20+ years. Again, as we remember back to 1996, when we first approved cannabis in California for medical purposes, although there were no regulations put into place. It was passed by law, but there was no framework for that. So, it's kind of limped along in various, different forms for the past 20 years, until 2015 when the *Compassionate Use Act* was really modified by three laws which are referred to *MCRSA*. Those bills set the framework and then set a licensing provision in place that is now being drafted. The draft regulations just came out this last week. And then also less complicated or strengthened, whichever way you want to look at it, with the passage of Prop. 64, referred to as *AUMA*, the *Adult Use Marijuana Act*. So those two significant laws provide the framework for what local agencies can or can't do in regard to regulating cannabis. So, as we discussed last time, there's a key difference between the two; *AUMA* being kind of the personal, recreational use and then medical, the *MCRSA*, really focusing on the commercial, medical side of things. Those are two different frameworks. We are working on the *AUMA* side. That will be coming back to you at a later date, relative to personal regulations, which in essence would be a permit process for someone who wants to cultivate up to six plants in their own personal residence. Again, that is not the topic of tonight's conversation.

Mr. Wells continued, this evening we're talking about how this framework works, and a specific use. So, as he's mentioned, the Bureau of Marijuana Control and Department of Food and Agriculture just came out with the draft guidelines last week. As of Friday, they are out for a 45-day review period so that they can create the licensing at the State level. As we spoke last time, one of the key provisions in *MCRSA* is the fact that the

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State will not issue a license to any person who is seeking a license if they don't already have explicit permission from a local agency. That's a key provision, that they actually have to have a positive from the local agency. That's not necessarily the case on *AUMA*. That one basically says, if the State can issue a license, as long as the City doesn't say no. The State is not required to ask. It's up to the local agencies to tell the State, "Don't issue a license." So, two very different frameworks, but kind of a key provision that gives us that kind of dual control, and from a local agency perspective; local control and the ability to craft the framework that works best for us and not have to fight the State. In this case, the State regulations are being drafted and there are lots of conversations about what these regulations will look like as they start to get closer and closer together between the two; the differences between *AUMA* and *MCRSA*. So, again, that 45-day comment period is underway now. It will likely go through another process after that and his understanding is that *AUMA* licensing guidelines would follow after this and would likely use a very similar framework to what has been put out under *MCRSA*.

Mr. Wells remarked that gives the background there and where we move into the next piece is for the project that we're speaking about this evening. Kase Manufacturing is a single business to operate a manufacturing business here in Ceres. The location is an existing facility that has been an industrial use for the past 10+; he thinks 13 years. The business operation would include cultivation and manufacturing of medical cannabis. The owner is here this evening, Mike Reynolds. Business structure; as you may guess, there are lots of interesting laws and challenges of operating businesses of this nature, with call it, the difficult regulatory framework that exists right now, that is hoping to be clarified in the next 6 to 9 months. Mr. Reynolds has the two frameworks here: the LLC, the JMR Management Group and then Kase Manufacturing, which is the cooperative. So, those two different entities; in essence, he's the CEO of both, but they operate differently in order to be in compliance with State law with a location of 4111 Brew Master Drive.

Mr. Wells stated the key things that will need to be addressed this evening, in order to move forward with the project as presented by Mr. Reynolds are; the first piece of it, the Zoning Ordinance Text Amendment. As the Planning Commission is aware, Section 18 of our Zoning Code, we have two provisions: basically a definition of a dispensary, which is a pretty broad definition. It's probably not the definition that most people would use today. It basically says anything related to cannabis is prohibited exclusively in all zones. So, two sections in our Zoning Code where that would need to be removed; Section 18, and the concept is any provisions related to cannabis activities would be moved into Section 9 of our Municipal Code. 9.120 is the Ordinance 1035 that we passed a couple of years ago, and all of those cancer regulations would live there. So, we would remove those two items from Section 18 and move them to the other section. We'll get into that Ordinance 1039; is the Ordinance that we're speaking about this evening.

Mr. Wells explained that we removed that prohibition and then this allows us to move forward with an ordinance, which allows the framework for this "Pilot Project" and in the Development Agreement, that specifies the specific conditions necessary for Mr. Reynolds to operate his business and be able to be consistent with the rules that we're creating as we go through here. Again, if the Planning Commission has any questions, feel free to ask as we go through this process. Mr. Wells stated that that ZOTA piece of

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it doesn't give any rights; it's just a clean-up mechanism in order to have all the regulations live in one location.

Mr. Wells remarked, the next piece is the ordinance, to allow the structure for this medical "Pilot Program." Our Ordinance 1035 prohibits across the board, all activities, but this new Ordinance would provide a narrow exception in order to allow this activity in what is an industrial zone. A "Pilot Program" will allow one medical marijuana business through a Development Agreement and that provision strictly apply to this one location. This model is a format that has been used from cities for a number of years for several different types of developments, so this Development Agreement format is something that most cities and developers are comfortable with, as it gives the framework for this mutual understanding of what the expectations are on both sides. It is an agreement that would be recorded against the property, against the land.

Commissioner Smith stated that she spoke with Mr. Westbrook about this earlier, but for some reason she can't get it through her head. The Zoning Ordinance Text Amendment eliminates the prohibition of medical dispensaries.

Mr. Wells clarified that is correct. Under Section 18 we already have the provision. The Zoning Ordinance Text Amendment today is in essence, because of Ordinance 1035, we say the same thing; prohibiting all activities relating to cannabis. So, we now have it in two locations. We have it in Section 18 and we have it in Section 9. The elimination in Section 18 eliminates that prohibition to allow us to permit limited activities. Otherwise, if we were to do it today without the ZOTA, we have kind of an internal conflict.

Commissioner Smith continued; so then you talk about this "Pilot Program," that allows one and asked what's the authority for one.

Mr. Wells explained that the idea is, we're taking that prohibition away, and then allowing under very limited conditions and this Ordinance specifies that.

Commissioner Smith interjected, specifies the location.

Mr. Wells stated correct.

Commissioner Smith continued; the specifics of this business.

Mr. Wells responded, the Ordinance provides, we'll call it the framework; the Development Agreement provides the details.

Commissioner Smith responded, and that's how it's limited to this one. Not by name, but by the fact that it requires a Development Agreement. She then asked, so could the City then have another Development Agreement under this Ordinance.

Mr. Wells responded, no, not as it's currently drafted. That would require it to come back.

Commissioner Smith added, and do another amendment to the Ordinance.

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Mr. Wells stated, correct.

Commissioner Smith inquired, and so is that your intention then to address these on a case by case basis.

Mr. Wells explained that the Council's direction was move forward on this, let's see how this works. We created this "Pilot Program," which is what we feel is the best way to; he uses this analogy, "crack a window rather than opening a door," in terms of this provision, so that we have a very narrow opportunity to see how this works. And, this is new, right, for most folks. How does this work, what does it look like, what are the impacts? This allows us into a very controlled situation; to be able to monitor it, manage it and make sure that it works for both parties. Really, the idea is creating a win-win; something that works for the City and also works for Mr. Reynolds, and be able to have enough time to make sure that we got it right. And, if we didn't, we make sure that we are able to change it before we consider whether that window is going to open a little further or open the door. Based on Council direction, there's no interest in doing much more than that, but obviously we have to be fair and make sure we're following all the applicable laws and as things kind of flush out over next year or so, we'll have a much better feel for really what the magnitude of this overall business is.

Chairperson Del Nero asked how long would this last.

Mr. Wells responded that the terms of this agreement right now are three years, with annual reviews. So, we would be looking at this in detail and there are also a couple of provisions in the Development Agreement that allow for, if there's a specific change in State Law, that we would get back and look at it in a little more detail, depending on what changed. Because obviously, this is still a little fluid in the grand scheme of things, with what's going on at the State level. This is written with enough flexibility to allow us, if something changes, that we can get back in front of, with the developer as well as in front of the Council, to make changes if necessary. Three year term of agreement, with one year annual reviews.

Mr. Wells remarked that's a perfect segway right into the Development Agreement. What was in in your packet, the Development Agreement, the framework for that agreement has been changed, relatively significantly. Primarily in working with our City Attorneys, the framework that we were using previously, what's in your package, was the developer's proposal. In working with our City Attorney staff, we ended up making the determination that the classic structure that they use is a better fit. We ended up changing the overall structure of the agreement pretty significantly. The key points are all the same, incorporated into it. It provides a little more security on the City side. A couple provisions in there; the recitals, the front end of the agreement, referencing that it's a "pilot project," kind of really putting that up front, clarifying that it is a private project. This isn't a City project; this is a developer proposing a private project. Again, protecting the City to ensure that we're not tied in, pulled into this permitting process that we're working on here. Clarifying the agreement, the total piece relative to Federal and State Law, clarifying the processing costs, that they're distinct and the responsibility of the applicant, specifying the permitted uses within the agreement. And the process that we're working on too, is this medical business permit piece, so that we would actually have a separate permit that would live inside the Development Agreement. This would be where the real conditions live relative to security of the business. Under the licensing

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law, they'll have to have 24-hour video surveillance as well as on premise security. So those are two big conditions; background checks, all of those security pieces; those would live in that permit piece. There's reference in the Development Agreement as well that kind of gives the high level list of those. Those are key provisions for most folks, and that's where it would be in the overall document. Again, details of the pilot program, health and safety emergency provisions, so that we can respond to any big issues that may happen there at the site, changes the overall piece of the document in terms of the facility fee to an impact fee. The relationship between us, allowing this use and the fee that the developer would be paying us; obviously a very key consideration in the overall Development Agreement.

Commissioner Smith asked Mr. Wells to repeat that part again.

Mr. Wells stated changing the language from "facility fee" to "impact fee." The language in the document in your package says "facility fee." The language in the Development Agreement as it's presented this evening is changed to an "impact fee." The dollar amounts are unchanged. That's on page 11.

Commissioner Smith inquired what the significance of that change is.

Mr. Wells remarked, we'll just say "legal-ease." Legal language to clarify what the arrangement is and if you read section 4.2 on page 11, it gives you a little more specific definition of what that is paying for and the relationship between that. So, dollar amounts are the same; it's the overall structural and legal language, to ensure that it can withstand any challenge.

Commissioner Smith asked, but when you have an impact fee, is there a legal requirement to have a nexus.

Mr. Wells explained that's the key; the language again, developed and created so that we're consistent with that. He stated he knows it's giving the Commission some concerns, but the idea here is it's the same concept, again providing us a better and a stronger legal basis to be able to enter into the agreement that we've currently structured.

Commissioner Smith stated that she'll think about that while Mr. Wells keeps going with his presentation.

Commissioner Condit asked about the business license, medical license; business license through the City.

Mr. Wells explained that the business license is through the City. Any business in town would be required to get a business license. That is actually completely separate. The Marijuana permit will be basically tied to the Development Agreement, but the business license is completely separate.

Commissioner Condit inquired, that license requires background checks, 24-hour surveillance.

Mr. Wells clarified and said the provisions and details of that are on page 8.

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Mr. Wells remarked that the Development Agreement is where all the details of the arrangement with the developer exist and how those work together: the key provisions that we just talked about; allowing medical marijuana, the three-year term, the key dollar amounts. So again, that's \$50,000 per month for the first year, \$75,000 per month for the second year and \$100,000 per month for the third year and that would be paid to the City; \$600,000, \$900,000 and \$1.2 million over the term of the agreement.

Mr. Wells provided an overview of the benefits: ease of access, the medical supplies for the patients, does not promote personal consumption in the City. It's very separate from the *AUMA* conversation, reduced law enforcement responsibilities, and again with those conditions that live on a facility like this, 24-hour video surveillance with specific criteria of the resolution of the cameras and all of those provisions and those are written into the State licensing as well. It's pretty key that we'll have a much higher level of security on this site than we probably have anywhere else in the City. It also allows the City to manage the land use and operational legal business rather than the illegal activity that we're seeing around the area. Obviously, that's a constantly changing structure that we're seeing, allows us that permitting authority to limit the number of grows, locations, and restrictions and allow for inspections and audits to ensure that they're operating their business as they said they were going to.

Mr. Wells remarked, as he mentioned, there's still some headwind shall we say, out there; this change relative to State law and this conversation at the State level, about some of these provisions starting to come together between the two. There's a trailer bill that's pending right now at the State level that would make these two licenses much more similar, and potentially merging them creates some interesting conversations on the differences between medical and recreational. We'll see kind of how those flush out. But, for the purposes of this agreement, the structure is primarily a medical cannabis arrangement. And again, we'll have to monitor very closely what happens at the State Legislature and how they come to change.

Commissioner Smith remarked that the Planning Commission is being asked tonight to approve the Zoning Ordinance Text Amendment.

Mr. Wells interjected; recommend for approval to the Council. We are looking for a recommendation.

Commissioner Smith inquired, are we also recommending approval of the Development Agreement.

Mr. Wells explained that the Planning Commission has three Resolutions in front of them that we're looking for a recommendation on. Resolution 17-05 is the Zoning Ordinance Text Amendment, 17-06 is the Ordinance, and 17-07 is the Development Agreement. So, all three of those would go to the Council for their ultimate approval. We're looking for a recommendation from the Planning Commission before it gets to the Council.

Commissioner Smith asked Mr. Wells, so when you describe the changes made to the Development Agreement that we're being given tonight, you said that the structure, and she was interpreting that to mean format, but now, based on the change of the fee from facility fee to an impact fee, are there any other changes. She is just wondering if she

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should sit here, go through this and compare.

Mr. Wells responded that's at your discretion. The key points of the agreement are all incorporated in there. Language has been changed, primarily to protect the City and provide a little more teeth and legal-ease, from the City's protection side of things. As he mentioned, we're in a unique territory here; a situation that we haven't really seen yet, so we have to be pretty cautious, pretty conservative from a legal standpoint. And so there is language that was changed and changing referencing specific to that concern to ensure that what we're doing here will pass legal muster and will withstand any challenge. That's really the key because this needs to be a pretty iron-clad arrangement.

Commissioner Smith stated that her question is going to be based on the agreement that was in the packet regarding the termination clause. In the original agreement, she didn't see anything about termination other than referencing the natural termination of the agreement, which is by expiration or otherwise. So her question became, what is "or otherwise?" Then she noticed in the new agreement that she just looked at while Mr. Wells was talking, (and she was listening at the same time). There are a couple of sections in here about termination.

Mr. Wells interjected, page 16 and the top of page 17. A little stronger language here, and again, strengthens really from a legal perspective. Mr. Wells asked City Attorney Embert Madison if he'd like to provide a little more explanation.

City Attorney Embert Madison remarked that Commissioner Smith made a great observation. The language that we added in the agreement that the Commission sees before them that's been amended does provide the City better protection. It clarifies what happens upon the City's termination, what the obligations are of the City upon termination and he wants to be clear that once this agreement ceases, what obligations does the City now have. This agreement now provides that. The earlier version was unclear, so we wanted to tighten that up.

Commissioner Smith thanked Mr. Madison for the explanation. She noticed that it says the agreement shall terminate upon expiration of the term unless early, pursuant to the terms of the agreement. Her question becomes, can the City have a right to terminate that's not related to the terms of the agreement, due to an unforeseen circumstance that occurs that has a negative impact on the City as a result of being a party to this Development Agreement. She asked if they see what she's saying. For example, because budgets happen to be one of the things that she does, she knows that when we have contracts in her employment, we say, the City shall have a right to terminate this agreement if there's any budgetary issues. She's not suggesting this should be a budgetary issue; she's just saying shouldn't there be a clause in here that anticipates unforeseen circumstances that allows us to get out, that aren't a result of expiration or default of terms of this agreement.

City Attorney Embert Madison explained that there are some provisions that provide that; for example, there's the health and safety emergency provision. So, let's say, we hope this doesn't happen, but there's a health and safety emergency related to the project, the City can go in and stop the production of the business for that reason.

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Mr. Wells interjected, the other provisions he knows are related to Federal Law.

City Attorney Embert Madison continued, if there are changes to State and Federal Law, that would be a reason for the agreement to be terminated.

Commissioner Smith remarked that those are specific. She's suggesting something that's a little more generic that says, if something happens that we don't anticipate at this time, whether it be legislative or as a result of the operation of business, the City, in consultation with the other party, can elect to terminate the agreement. As you said, we don't know what's going to happen, with the other two pieces of legislation, or any legislation that occurs as a result of this ongoing evolution. She guesses she's just asking for kind of a catch-all.

Mr. Wells stated that is difficult to do. He would say that there are enough other provisions in there in terms of remedies and things that come that are unexpected. There are a number of provisions that we have, called a "meet and confer" in essence, that gives us the ability to get back with the party if something comes up. In terms of termination, he would think we would want to meet with the party first to see if there's some resolution of whatever that unforeseen circumstance is and those provisions are already written in here in the original and this revised version. From a legal perspective, he can defer to the City Attorney and the team that's put this together. He feels that we've put together a pretty darn strong document that at the same time protects both entities pretty well.

Commissioner Smith commented that she doesn't dispute that, but she will just reiterate the uncertainty of this entire situation. She's not against this, and she thinks there are opportunities for both the business as well as the City. But given the unknown in the future of how this is going to play out, she just would like to make sure that there's a way for us to reexamine our relationship in this agreement in the event that something occurs that we didn't anticipate and isn't specifically identified in here or can't be defined as something identified in the agreement. That's all she has to say about that.

Commissioner Smith continued, the issue of the infrastructure fee; she's still not done thinking about that. But, one of the things she thought about when she was reading this was, what was this money going to be used for. Clearly that's not something that the City wants to be pinned down on. She just wanted to express an interest and is just saying for the record, that Code Enforcement is clearly where this enforcement is going to lie. This now is no longer a criminal matter, the use of marijuana is legal, and the Police are not going to be enforcing anything as it relates to marijuana for the most part. So, if there's a revenue stream as a result of the business related to marijuana, and Code Enforcement is the resource for enforcing business related activity; just for the record, she'd like to go on record saying, she'd like to see some of that revenue generated go towards enhancing our Code Enforcement Division, which she understands has a staff of one.

Mr. Wells explained that's not exactly true. There's one full-time individual, with two part-time people. So, it's one Code Enforcement Officer with a half Sergeant and a half Administrative Assistant; effectively two full-time equivalents. But yes, could we use more Code Enforcement Officers. Of course we could. However, only the Council will make that determination on a budgetary consideration, that we are, as anybody who has

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been in this building the last couple of years knows our challenges are great and Code Enforcement is high on the priority list, but so is retaining officers, and public safety and every other function of the City that is providing services. So, it is a significant challenge, and again the Council would make that ultimate decision on a budgetary decision of where those funds would be allocated. But of course, we will make note of your comments.

Commissioner Condit stated that he agrees with both of Commissioner Smith's points. His only hesitation about the impact fee; can we recommend to the Council that they designate a percentage of this money?

Mr. Wells remarked that's in the prevue of the Planning Commission. The Planning Commission can recommend anything they'd like.

Commissioner Condit inquired if that's within their legal bounds to do that.

Mr. Wells deferred to legal counsel.

City Attorney Tom Hallinan explained that this ties into both of your questions. He'll start with the fee part and point out on section 4.2 that until we use the most operative word tonight, the unique circumstances that we're talking about here. It does note the unique nature of the project, and both parties inability to really quantify what the impacts are. This is what we've agreed to, and again that's one reason why we want to do the Development Agreement; you can agree to something between parties, kind of outside something more structured. He just wanted to point that out. So, we call it a service impact fee and kind of the unique term in this situation. And then the second part of the question, in Section 5 it does say that the City shall use the Infrastructure and Service Fee to pay for the impact on and maintenance or improvement on the existing level of service of City infrastructure and services to accommodate for the project. So, if we have more of the impacts, which you referenced, then it's kind of implied that this money will go to cover that. He thinks that gets to where you want to go from his understanding.

Commissioner Condit asked, so we need to divvy it up for roads...

Mr. Wells interjected, for services. He referenced page 8, the "Pilot Program," and those provisions of the entity pieces, those are the services that are going to be impacted. So, Commissioner Smith, Code Enforcement and those other services that this has an impact on in the City. So those would be kind of the area that potentially would see a relationship between that funding source and that impact on service.

City Attorney Tom Hallinan stated, on the natural it's going to go.

Mr. Wells clarified, that's correct.

Commissioner Condit asked, so we're in our legal bounds to make that recommendation.

City Attorney Tom Hallinan clarified that's correct; you can certainly make that recommendation.

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Mr. Wells commented, as it's structured, those funds would be General Fund. All the activities that the Commission has mentioned and he has mentioned are General Funded activities. Code Enforcement, Police, Fire; those are all General Fund activities, so it's a matter of, he'll call it a bucket. So, the General Fund Bucket is a big bucket and it goes in there and pays for a lot of things. Any money in will go towards those services because those services that we mentioned are all General Funded activities.

The Public Hearing was opened at 6:45 p.m.

- Leonard Shepherd - 2841 Fowler Road, Space 71, Ceres, CA

Mr. Shepherd remarked, you mean we're doing something right? Take our time; make sure everything is going in the City's favor because we don't want any unforeseen lawsuits or anything. And at the same time, take our time and make sure everything is going for the applicant's favor, so it can be a win-win situation. He just thinks that we're stuck because of the great State of California's; he's heard it called the "Left Coast" and all sorts of things; the "State of Fruits and Nuts," but we're trying here and he commends the Planning Commission for trying to figure out all of the unforeseen things, Commissioner Smith, you're right. You've got to have things in place because if you don't, then you get behind the 8 ball and the City can be in real trouble. That's the way that he sees it, but anyway, if you can make it a win-win for both parties, he commends you.

- Bill Wendland - 4220 Brew Master Drive and 1141 Partee Lane, Ceres, CA

Mr. Wendland stated he's coming here to find out what provisions there are, that if this business affects adjacent property owners and businesses in the business park. That's his main concern. We already have to deal with the probation department that is in our neighborhood, and that is affecting our tenants and the properties there already. And he knows that this is a controversial business, and there's going to be issues; law enforcement issues and whatever issues come up. We're concerned with how this is going to affect our property values and our lease-ability of our properties.

- Daniel Bote - 1171 Partee Lane, Ceres, CA

Mr. Bote remarked that his concern is just like the previous speaker said, plus the impact on groundwater and odor. He asked how do they discharge of the water that they water these plants with indoors. It's on a concrete and as far as he knows, it's a warehouse, and that water is going to leak somewhere. They do have a water retention act that's not supposed to be leaking into the common ground and into the sewer lines, so he has a very high concern about that. Where is that water going to end up going and how do they capture it on their property? And how does that impact the groundwater in 10 years from now?

Mr. Wells asked if the Commission would like him to respond.

Chairperson Del Nero stated, yes please.

Mr. Wells explained that on page 8 are the requirements and Mr. Reynolds can address

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this as well. But one of the items is a water and wastewater use plan, showing specifically how that is captured and contained. As an industrial building, it already has provisions built into the structure for containing spills and those types of things. It is a closed system for the sewer. So, the sewer system is where those would end up with anything that can get in the sewer, there are operations and again, Mr. Reynolds can speak to that. That would be specifically identified as part of that water and wastewater use plan.

Commissioner Smith stated that she'd like to repeat what she thinks she just heard Mr. Wells say. So, as an industrial user, their waste, their discharge, won't go into a basin.

Mr. Wells interjected, only what's permitted to.

Commissioner Smith continued, and that will be appropriate.

Mr. Wells explained that any industrial use will be required to have an industrial waste permit where they specifically identify; this is a universal requirement. Any industrial business is required to have an industrial use permit, so we'll know exactly what their discharge is, and know what the parameters are.

Commissioner Smith asked if this is permitted by the State.

Mr. Wells noted that it's a local permit, that oversight by the State so that we know what's going into our sewer system. He thinks most of you are aware that the sewer system operates on bugs that help. You don't want to put anything into that sewer system that's going to damage that ecosystem, that's necessary for treating waste. That's a uniform policy no matter what, across any industrial user.

Commissioner Smith asked if he would address the question from both of the gentlemen in regards to security. She knows that part of the Development Agreement, as you had stated requires 24-hour video surveillance, onsite security, and background checks. She asked if there's a potential for surrounding businesses to benefit from that.

Mr. Wells would suggest that this business will be and the area around it, will be the best protected business in town by a long shot, other than maybe right here, in terms of proximity to resources and the onsite 24-hour security; it will be armed security as well. So, he thinks if someone is going into that area for theft or other things, they're not going to like the fact that there's now a very different level of security there than they've had in the past.

Commissioner Smith pointed out that Mr. Wendland is raising his hand for a follow-up question.

- Bill Wendland - 4220 Brew Master Drive and 1141 Partee Lane, Ceres, CA

Mr. Wendland stated he's just curious, if they're going to have very high security, but that doesn't provide any security for all the other property owners. So, our feeling is if criminals come to this facility because they've heard through the grapevine, or whatever way, that there's cannabis there, and they see these armed guards, are they going to travel to other properties within the park and our crime is going to increase on our

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properties.

Commissioner Smith asked Mr. Wendland if he is a business owner or a property owner.

Mr. Wendland replied that he's a property owner.

Commissioner Smith asked Mr. Wendland if there's there a potential for him and the other business and property owners, as well as the applicant to get together and talk about how you might partner on security, given that they're going to have a heightened state of security for their facility so that he could benefit with whatever he's having in terms of crime and whatever concerns he has about any additional crime.

Mr. Wendland stated that he's sure they're willing to talk about that. The other question he has is, do we get to have a copy of that Development Agreement and read it as property owners in the development.

Commissioner Smith responded that he may have a copy of this draft. It's also public record, and when it goes to Council, you should be able to get a copy of that as well.

City Attorney Embert Madison just wanted to reiterate what Mr. Wells had said as far as the impact on the environment. As part of obtaining a State license, an applicant must prove to the State that they have a plan sufficient to cover the environmental impacts, whether it be water, wildlife, etc. So not only is it part of the Development Agreement, but it's part of the licensing process, so it's going to be covered two-fold.

- Mike Reynolds – 4111 Brew Master Drive, Ceres, CA

Mr. Reynolds stated that unfortunately he's here proposing something for cannabis when he probably shouldn't. He's been a school teacher for the last 10 years here at Central Valley High School and a Coach. Four years ago his son was born with a rare genetic condition which obviously comes with cognitive and other disabilities, along with epilepsy. At four months old, we started Topamax, Keperin and Phenolbarbital and watched my son disappear. He was still having a thousand seizures a day. We looked at our options and he and his wife were desperate. Cannabis happened to be one of them and we didn't have anything to lose. So, we tried it and at 8 months old, his son was the youngest in the United States to use cannabis for epilepsy or any other ailment. He now has an average of 5 to 10 a day. He smiles, he rolls, he does things that we didn't think he could do. That's the reason why I'm proposing what I'm proposing. There's many people in the State that want us to come in there because they know our integrity of what we do; the reason why we're using cannabis is for the right reasons. If you would've asked me four years ago, I probably would've been on the other side and voted against it. But, he's seen it first-hand. It's changed my life, my family's life and my son's quality of life. There are a lot of unknowns; he agrees with Commissioner Smith. But to provide himself, his son with opportunity for a facility that has safe, tested medicine, he thinks is a moral and ethical decision that he thinks Ceres is trying to make. It's tough; it isn't easy. We're trying to do things right. We get calls from all over the State because of how we do business and what we're doing. We've been on national television. We've had people fly in just this last weekend, from Brazil; within the last month, from the Philippines, from Thailand, and all over the United States, just to pick up the medicine that his son takes. To have an opportunity to even grow and maybe even

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come up with something better, is the reason why he's fighting. Home was kind of a last ditch effort. We've been approached from Monterey to Sacramento to Southern California, to open up business there because of who we are. But, he really wants to stay home, and obviously as you can see in the fee structure, he wants to be able to give back. There's nobody else that's going to do that in the State; he can tell you that. Three years ago, the two schools had a fundraiser game for his son; it was called "Hoops for Hope," and they raised \$37,000 for his kid. If you would've been there to see the outpouring of support in the community, it was even more so the reason why he wants to give back. There are a lot of unknowns; there are a lot of obstacles. He left teaching June 3, 2016 to make sure his kid had the alternative medicine he needs for his future. We're trying to do it right. As you can see, we're very transparent. He thinks you can talk to any of the attorneys or Tom Westbrook or any of the other ones who have seen what we're doing. We're very transparent and open and we want to be that way. Obviously, it's not easy. Anytime you see the word "cannabis," people tend to cringe a little bit, as he did four years ago. He saw it every day; he saw it abused, he saw high school kids abuse it and he thought it was a joke, until it affected his family. He thinks a lot of people do until they see it.

Mr. Reynolds continued; all of the things that we're asked tonight, we are leading the State in trying to make sure we're transparent and ahead of the game. Whether that's water discharge, whether that's smell, odor, security, we're literally trying to be the leaders. You could ask some of the attorneys, because they're looking to them because of what we're doing. So, he feels that we're trying to do it right. It isn't easy. He meets regularly with the Board of Supervisors in Stanislaus County and applauds them for how hard they've worked because it is a hard issue. It's not easy when we stayed on a different side of it for so long. But, when you see it help somebody and you see it help your son in particular, he thinks any of the Commission would do the same and fight. And that's what he's doing. If it was Pepsi, if it was Snapple, if it were anything, he'd fight. It happened to be cannabis. As a member of Crosspointe Community Church, and being relatively conservative himself, he would've never in a million years imagined doing what he's doing. But, it's for his son and he's going to fight. There are concerns and we're going to do our best to make sure the City is safer and the City is a better place. That's why he's here and he appreciates the Commission being open to such a controversial topic and issue. It's something he's very passionate about, unfortunately. One in three cases of epilepsy is intractable. Thirty-three percent have no cure; they can't figure it out. He's glad he stopped at three pharmaceuticals because he knows some kids that are on forty-four. At what point do you stop? Cannabis has literally changed our life. So, he's glad that the Commission is open; he appreciates it. He'd love to work with the community. This is where he grew up. This is his home. He graduated here in 2000. He came back. In fact, both he and his wife taught at the same high school and he thought he'd be coaching track to this day. Things came up and things changed and now he's fighting for his son. He appreciates what the Planning Commission does and he really looks to be a partner and give back to the community and be a benefit and not an eye-sore or not this loophole where cannabis is there, but be a leader in what real facilities could really look like. He appreciates the opportunity. He'd love to take any questions, if the Commission has them.

Commissioner Smith remarked that she didn't have any questions, but was going to say, but she thinks Mr. Reynolds already mentioned it, about the infrastructure service fee. It's a good one and it's significant over the course of three years, with the third year at

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about \$1.2 million, which anticipates your success. You're aware and you mentioned it, so she's guessing he's aware of the significance of that and the time limits on the payments for that, and the impact of failure to pay.

Mr. Reynolds responded, that to him, that's nothing. Honestly, when you look at the quality of life that his son has, that's really the biggest one. That's really the driving force. We're not just a fly-by-night business like these other people who are trying to open up and make money. There are some details he can't really talk about with what we're doing internationally, but Ceres provides us a place to get safe access medicines to all over California. And really the potential is, as things change in the United States, we will be set up medically wise, to provide that to the entire nation.

Commissioner Smith remarked that she of course, appreciates Mr. Reynolds' driving interest, which is his son's health. She's heard of his story before and appreciates that he's here in Ceres and working with the staff to bring this, but the foundation for agreeing to this sort of fee is the anticipation of significant success.

Mr. Reynolds responded, absolutely. We have a pretty big team that's behind us already. The commitment for the first three years is already there. So, it's not based on what he needs to come up with; the first three years are already there. That's why we have a three-year review at the end of three years to see where it's at. Worst case scenario; we're able to get through three years and we're able to provide that \$600,000, \$900,000 and \$1.2 million already. If things went upside down, regardless of that, we can commit to the three years.

Commissioner Condit told Mr. Reynolds that he first wants to thank him for having him out earlier today. He was able to take a short tour of the facility out there. The stuff they're doing out there is state-of-the-art. We are lucky to have him in Ceres. He does want to say real quick, we need to take care of the concerns with public safety and the Development Agreement. That's going to be his main concern here.

Commissioner Condit asked if anyone had any questions for Mr. Reynolds.

Commissioner Molina responded that he doesn't have any questions, but would like to commend Mr. Reynolds' efforts. As a dad himself, he thinks he would go the same route or beyond. You're willing to do anything for your kids. It looks like and it sounds like what you're doing is the right thing. And who knows, things happen for a reason and there's a greater power up there that moves things around and allows things to happen for such a time as this.

Mr. Reynolds thanked Commissioners Molina and Condit for their words. As far as security and the impact, we're trying to be the leader in the State. We're trying to go above and beyond of really what the State is requiring. Obviously it's unknown; there are a lot of unknowns. We're really in a similar situation, as it was during Prohibition. So, it kind of comes to that. There are a lot of unknowns and a lot of people are afraid. Really, he thinks it takes something like this to reach out on a limb and learn. There is going to be a learning curve and we want to make sure we do it right. And, if that requires us to have two armed guards patrolling and those kinds of things, we're willing to do it. Obviously, the reason why I'm doing this is for my son, but number two, is public safety and protecting the City. There's a lot riding on what he's doing in Ceres.

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His name is kind of plastered all over everything. You know, for the longest time, he was more in the headlines for doing things, for creating a bass club for Central Valley, working with high school Interact Club and coaching track and doing those types of things. For him, image is a big piece of that. Coming home, there is a risk. He wants to make sure that we address that and protect that, just as much as the Commission does. Because he's invested 10 years in a lot of kids' lives and his goal is to have an impact. He taught the Success 101 class to at-risk kids and he had a passion for our town and for our kids and our community and he still does.

Commissioner Condit inquired that this is the first facility in the State like this.

Mr. Reynolds explained that there are other ones, but not to this scale. Most people in cannabis haven't been in it too long or are in it for a quick buck and are in it just to make money. His goal is to make sure we have the best facility that can provide the cleanest medicine for his son and others as well. So, he would say it's a little bit a step above of what anybody else has. He thinks we're leading the State, if not the nation with what we're doing. There are other places that are trying to do similar things, but what we have is definitely up there with the top. There are a few other places in Berkeley, Coalinga, at the prison that have done something similar, but nothing as individualized as what we have here.

Commissioner Condit asked Mr. Reynolds what his anticipated start date will be.

Mr. Reynolds replied, it's like throwing a card in the hat. As long as things continue to progress, and we get the support, which it seems like we have, hopefully we can get things moving and later this year, in the third quarter maybe. Hopefully we'll be up and getting things going. So, that's kind of where you see the staged in fee structure. Obviously we're putting some pieces in there so we can get ramped up. Ideally, to him, the sooner we can get started the sooner he can start exploring other options for his son. He still has an average of 5-10 seizures per day. It's not perfect. The longest he's gone is 8 days seizure free. We've hired a USC Chemist graduate whose degree is in drug design. And, so we're really trying to figure out a formula that works well. If he can get his son to zero seizures or one per day, anything is improving. The sooner he can start helping him and other people, is his goal.

Commissioner Condit asked how many employees Mr. Reynolds is looking at for this facility.

Mr. Reynolds stated, to start up, we're looking at 20 and as we get up, close to 40. We'll have scheduled shifts; obviously, we're not all going to be there at once. So, that's another impact to the City. He wants to hire local minus the few from Southern California that have the degrees. Everything else will be from our local community. And just, on top of that, everything we've done has been local. Mill Creek is our general contractor. We're ordering IMP panels from Kingspan here in Ceres. So, we're working with everybody local and trying to bring as much back to Ceres as he can.

- Hiram Cueto - 2237 Service Road, Ceres, CA

Mr. Cueto just wanted to say, he thinks we're under a social movement on this cannabis issue. He doesn't think it's going to be stopped. The best we can hope for is that every

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city controls what happens at the local level. Basically, he's pro-cannabis. There's no sense in opposing it because it's not going to stop. And, you know what happened with our President, so if you did vote for him. So, he's just hoping that it can be controlled; his agenda.

Mr. Cueto continued; now, getting to more specific about today's topic. He has a question and he thinks it applies to Mr. Wells. You call this a "Pilot Program." He doesn't know if he misunderstood something about the fee structure, but from what he read, the City of Sacramento is planning on like a 3% gross receipt for the fee structure, for any cannabis business. So, his question is, since this is a three-year program, are you going to stick with that fee for the three years or being a "Pilot Program" for three years, he's assuming that any applicant will be put on that three-year program.

Mr. Wells explained that he can't assume anything. It's a "Pilot Program" for that purpose because the Council hasn't made that decision with the longer term implications, what it may or may not look like in the future. That's why it's called a "Pilot Program," so that we can determine what works best for this community. Not what's best for Sacramento, not what's best for Southern California, what's best for the City of Ceres. So, we developed this program specifically so that we could monitor it, evaluate it and come up with a longer term solution, depending on the success or not, on whether that works for the future. So, what the future holds or what structure is in place in the future, he can't answer that question. All he knows is what we have today and what the Council has authorized us to move forward on. There will be more conversations on this topic, for sure.

Mr. Cueto responded that his question is answered. Thank you.

The Public Hearing was closed at 7:10 p.m.

Mr. Wells stated that one of the key structures, and he thinks you heard on the dollar amounts, but also, the framework of this conversation. Stuff that we've been referring to is at a very high bar. You're not seeing anybody else engaging in this conversation, with this type of an arrangement. One, it discourages the fly-by-night, discourages the folks who aren't in it for the right reasons because the bar is set so high. And working with Mr. Reynolds over the past couple months, and putting this framework together, those numbers and things in there weren't staffed twisting his arm. This is him, bringing to the table what he feels is appropriate for the situation. Again, he thinks it's a key point to recognize that this bar is set; he can't tell you how high, but very high. It shows you his commitment to this community and is something that is significant in the grand scheme of things. Mr. Wells wanted to stress that importance for both the agreement that he is agreeing to, with very stringent provisions, and a commitment at a very high level.

Commissioner Molina inquired, being that this is a new topic, as far as the type of business that it is, and he's looking at the fee structure; \$50,000 each month and so on. Do we have any research or information that leads us to know that these are fair fees that we're charging him?

Mr. Wells noted that it's a high bar; this is a negotiated situation and this is what Mr. Reynolds proposed. We accepted his proposal on the basis of our review. Again, it's hard to compare to other entities because there's nothing to compare to. The best thing

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you have is what other communities, like Sacramento who have had a program in place and have a fee structure of 3% or 4%. Some people have taken to the voters up to 10% on sales. This model is being kicked around, but there's really not much of a comparable that's out there. Mr. Wells asked City Attorney Embert Madison if in his research, he found anything comparable wise. He didn't having anything and nobody is quite operating yet under this structure.

City Attorney Embert Madison explained that usually there are two models. There's a model that Sacramento uses, which applies a tax on gross receipts or there's this Development Agreement model that is used by a few cities in Southern California. This model is more rare and requires more of a commitment by both parties. Because a fly-by-night entity can pay their fee, pay their tax, come and go as an entity, as they please, it's a little different there. But, he thinks we've provided a structure that's best for what's going on in the City of Ceres, for the applicant specifically and what the City's needs are.

Commissioner Molina stated, just to clarify this amount; it was a complete agreement between the City and the applicant. Most important; he's okay with the fees and he'll be able to pay this.

Mr. Wells replied yes.

Commissioner Condit stated that he would like to move for a short recess to completely review the Development Agreement, if that's possible tonight; for just a 20-30 minute recess to review it in its entirety.

Commissioner Smith remarked that she'd like a short recess too. She read the original packet, but it appears to her that this has been changed. In order for her to vote on it, she needs to have read it.

ACTION: It was moved by Commissioner Condit; seconded by Commissioner Smith, to take a short recess for 20-30 minutes. Motion passed by the following vote:

AYES: Commissioners Condit, Kachel, Molina, Smith, Chairperson Del Nero
NOES: None
ABSENT: None

The meeting reconvened at 7:32 p.m.

Commissioner Condit stated that reading through the Development Agreement, he found the Neighborhood Relations Plan, which was in that page 8 that we kept hearing about. He just wanted to go through that Neighborhood Relations Plan and see how that related to some of the concerns that we heard tonight.

Mr. Wells remarked that's specifically the intent to do what exactly what was referred to this evening. It creates a plan to be able to mitigate the concerns of the neighbors. As you are aware, he's already spoken to many of the neighbors out there that have come and seen the facility. That was specifically the intent of that language.

Commissioner Smith stated that there are no Exhibits attached, so she just wants to go through these. Obviously, she knows it's the legal description and what the site maps

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are. She's assuming that the Notice of Termination is just a sample. And then the Assignment Assumption Agreement; she thinks that the Development Agreement states that this Agreement can not be assigned or assumed. So, she's questioning what is Exhibit D.

City Attorney Embert Madison explained that the Agreement can not be assigned or assumed without the consent of the City.

Commissioner Smith asked, so Exhibit D just states that? It says Assignment and Assumption Agreement. So, if the Development Agreement can not be assigned or assumed...

Mr. Wells interjected, ...without our permission.

Commissioner Smith clarified, it can with permission.

City Attorney Embert Madison noted that would be the sample, if the City did allow it.

Commissioner Smith asked about Page 7, Section 2.4. "The City Manager may allow, in his or her absolute discretion, Developers to add any of the Additional Licenses to the list of Authorized Licenses."

Mr. Wells explained that's State Licenses. This is where a little bit of art comes into play because those State Licensing Guidelines literally just came out last week for review. There's a question as to whether under the manufacturing license that Mr. Reynolds would be applying for, whether he would also need a distribution license to enact this same business. So, giving us a little bit of flexibility here so that we could kind of roll that into the State License piece because we don't know yet what it looks like. In essence, that language is giving us a little bit of flexibility to be able to adjust to those State Licensing requirements.

Commissioner Smith remarked that she guesses what peaked her attention was the "absolute discretion." Yikes.

Mr. Wells noted, his too.

Commissioner Smith stated that we talked about processing fee, that's the \$20,000 deposit, and that is for time and materials as it relates to this experience, right?

Mr. Wells clarified, correct; process to get here.

Commissioner Condit added, and inspections.

Mr. Wells noted, normal processing process.

Commissioner Smith inquired about Page 12, exempt from tax. So, in the event, that during the term of this agreement, the City does put on the ballot and it's successful, any sort of tax for future businesses during the term of this agreement, the Developer will not be charged those taxes.

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Mr. Wells replied that is correct. As he answered the question earlier, if the City were to go to a City-wide tax on these types of businesses, it's on percentage. We wouldn't double hit this particular business.

Commissioner Smith inquired about page 15, Section 8.1(c); about default. "Prior to the Charging Party giving notice to the Charged Party of its intent to terminate, or prior to instituting legal proceedings, the matter shall be scheduled for consideration and review by the City." She asked who does that mean.

Mr. Wells stated he believes that's the City Council, under the Government Code section, but would defer to City Attorney Embert Madison.

Commissioner Smith asked, so by reference of these Code sections, it's the Council or does it need to state who exactly at the City? It's not the City Manager with "absolute discretion," is it?

Mr. Wells stated he knows that for sure is not the case. He's is 100% confident of that. The Government Code section doesn't give him any authority.

Commissioner Smith thanked the Chair for giving the Commission the time to read the Agreement and Mr. Wells for indulging her questions.

Mr. Wells gave his apologies for this process; obviously, of getting staff reports to you at 5 o'clock on Friday.

Commissioner Kachel asked Mr. Wells what he sees happening at the end of three years.

Mr. Wells responded in his perfect world, he would see this agreement extended for a much longer period of time. But, for an arrangement that we'll know a lot more in three years, he thinks likely that there will probably be a very different structure. But, in his vision in working with Mr. Reynolds, this is something that is setting us a very good framework for a long term future. How that looks will likely be a little bit different. But he thinks this is setting the framework for a long term positive relationship.

Commissioner Kachel asked, and would that call for at that time, taking it to City Council.

Mr. Wells replied yes.

Commissioner Smith stated her only comment is she wants to congratulate staff on all of the hard work that you've done on what is clearly a bold and innovative and forward thinking agreement. She wants to thank Mr. Reynolds for bringing this forward and what she knows is a very personal and difficult situation, that has opportunities that are secondary to the health and well-being of his son. She wasn't intending to prolong this, but she is appreciative of the community that has come out to discuss this and express their concerns. She will encourage everyone to get together and have a conversation about what their concerns and interests are with Mr. Reynolds who has demonstrated himself to be a partner in this process. She looks forward to supporting a motion.

Commissioner Kachel remarked that the idea of using a Development Agreement is a

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brilliant and very effective strategy. He doesn't know where it came from, but it's a great way of doing this. It's not a document that is used very often, as you know, but there are times when it makes a lot of sense. This is one of them. He then addressed Mr. Reynolds, he can't...; he did have a son that had some medical problems, but your statement tonight was one of the most powerful he's ever heard in a public meeting. He knows it wasn't easy for him and he wishes none of this would be before him, but he appreciates everything he's doing and the way he's going about doing it and wishes him all the best.

Commissioner Molina stated that the whole conversation, at one point is somewhat controversial, being that it's so new. As Mr. Cueto said, he believes it's something that's not going to stop. He commends the City Staff and City Attorneys. You have always done a great job putting together any legal drafting of documents such as this. He has no doubts that what's on here has been scrutinized and looked over and over by you before being presented to us. So, thank you for that. He has no doubt that his project, ultimately going to the Council will go through and your ultimate goal will be fulfilled. And, he echoes their sentiment that unfortunately it has to go through on a personal level. But then again, there must be someone up there that you don't know, who this is going to impact their life in such a way, that you'll be glad that you were the one to make this happen. Thank you and congratulations to the City for being open to talk about this. And Mr. Kachel said, what do we see in three years. He knows where he's going to be in three years from now; Congressman? But, he would somewhat encourage our City to consider this. We're already seeing the way that Mr. Reynolds is presenting and if we could consider more businesses similar or like his, we don't have a lot to lose or risk by considering them; rather to benefit. He does see some fee schedules that are going to come into the City that the City will greatly benefit from. And being that we live in a very conservative county or area, he doesn't foresee a lot of cities being as open as we are even with this, to go ahead and look at something. So, if we can become somewhat of a staple of an open door policy for something like this, he thinks the City is in a great shape to be the first ones to do something. Let's be a leader. He thinks we are and we have so far, and hopefully the new incoming Councils in the future are as open to this and not afraid of the subject. It's a law already; we might as well embrace it and do things the right way, like we are doing today.

Chairperson Del Nero stated he had nothing more to add to this; do we have a motion.

ACTION: It was moved by Commissioner Condit; seconded by Commissioner Smith to adopt PC Resolution 17-05. Motion passed by the following vote:

AYES: Commissioners Condit, Kachel, Molina, Smith, Chairperson Del Nero
NOES: None
ABSENT: None

ACTION: It was moved by Commissioner Condit; seconded by Commissioner Smith to adopt PC Resolution 17-06, with an amendment to the end of the "NOW, THEREFORE IT BE RESOLVED" section, to add the following verbiage, "*with a recommendation that proceeds from the Service Impact fee be utilized to increase public safety resources.*" Motion passed by the following vote:

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AYES: Commissioners Condit, Kachel, Molina, Smith, Chairperson Del Nero
NOES: None
ABSENT: None

ACTION: It was moved by Commissioner Condit; seconded by Commissioner Smith to adopt PC Resolution 17-07, with an amendment to encourage Council to consider sole dedication of all infrastructure and service impact fees to public safety. Motion passed by the following vote:

AYES: Commissioners Condit, Kachel, Smith, Chairperson Del Nero
NOES: Molina
ABSENT: None

Commissioner Molina stated that he will say no, with the exception that he believes the Council will know exactly how to allocate those funds. He's not necessarily opposed to the whole public safety, but to the idea of allocating the entire funds to that, he'll let the Council decide.

NEW BUSINESS:

5. Capital Improvement Program, FY 2017-18 Project Priority List.

Director of Engineering Services/City Engineer Daryl Jordan presented the staff report and handed out a revised CIP Budget for Fiscal Year 2017-18. Mr. Jordan explained that the updates to the list came in after the Agenda and report were published.

Commission discussion ensued.

ACTION: It was moved by Commissioner Smith; seconded by Commissioner Condit to adopt PC Resolution 17-08. Motion passed by the following vote:

AYES: Commissioners Condit, Kachel, Molina, Smith, Chairperson Del Nero
NOES: None
ABSENT: None

PUBLIC MEETING(S):

None

UNFINISHED BUSINESS:

None

MATTERS INITIATED BY PLANNING COMMISSION AND STAFF

None

REPORTS:

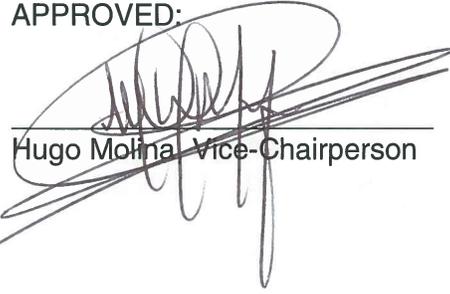
Director of Community Development Tom Westbrook announced that the Ceres Street Faire is this weekend. There's a parade Saturday morning at 10 o'clock. Commissioner Condit added that whoever would like to ride in the Planning Commission truck this year in the parade, please let him know. The Faire is both Saturday and Sunday. Staff will have an informational booth regarding the General Plan Update process. We'll have a map and a little exercise. We're just looking to get information out and get folks signed up to our distribution list so they can participate in that process upcoming. So, we'll be out there both days.

Mr. Westbrook mentioned the River Oaks Golf Course. As you may recall, the Planning Commission approved a CUP about a little more than a year ago. They are going to have an event there this Sunday night. When staff was approached by them, we did mention that it was the Street Faire weekend. They knew all about that and they said it was okay. They are having an event that is going to be called "Relax on the Range." They are going to have some musicians and vendors who will actually be in the driving range of the golf course. Because their golf course has been under water for some time, they're just trying to make some additional revenue. If this goes well, he thinks they may want to do this a couple of times per year. Mr. Westbrook plans to go out there Sunday night after he's finished with his Street Faire responsibilities and invites anyone who's interested to attend as well.

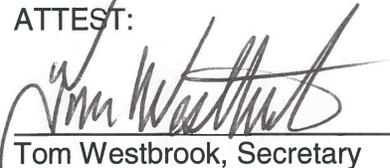
ADJOURNMENT:

The Commission adjourned at 7:56 p.m. to the next regularly scheduled meeting of Monday, June 5, 2017.

APPROVED:


Hugo Molina, Vice-Chairperson

ATTEST:


Tom Westbrook, Secretary