

MINUTES OF THE SPECIAL CITY COUNCIL MEETING
SATURDAY- -OCTOBER 21, 2017- -9:00 A.M.

Mayor Spencer convened the meeting at 9:02 a.m. and led the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers Daysog, Ezzy Ashcraft, Matarrese, Oddie and Mayor Spencer – 5.

[Note: Vice Mayor Vella arrived at 9:07 a.m.]

Absent: None.

ORAL COMMUNICATIONS, NON-AGENDA

None.

AGENDA ITEM

(17-646) Workshop on a Proposed Ordinance Amending the Alameda Municipal Code by Repealing Section 30-5.15 (Medical Dispensaries and Cultivation) in its Entirety; Adding a New Article XVI (Cannabis Businesses); Adding a New Section 30-10 (Cannabis); and Amending Sections 24-11 (Smoking Prohibitions in Places of Employment and Unenclosed Public Places) and 24-12 (Smoking Prohibitions in Housing).

The Community Development Director gave a Power Point presentation and responded to Council questions.

Stated recreational dispensaries were supported by the Alameda voters; expressed concern over recreational dispensaries not being created and prohibiting smoking: Howard Harawitz, Alameda.

Inquired about taxation; expressed support for having and taxing dispensaries: Dave Maxey, Alameda.

Stated the Alameda High School Parent, Teacher and Student Association (AHS PTSA) supports the overall PTA Council's resolution; urged Council to keep marijuana away from students; expressed support for the 1,000 foot buffer zone and concern over locating a dispensary on Park Street: Katherine Lamb-Tansey, AHS PTSA.

Submitted information; stated Alameda would be a prime location for Steephill Labs, which is involved with testing marijuana; urged Council to allow testing facilities; discussed the business and jobs: Donald Land, Steephill Labs.

Expressed concern over and discussed a statement the Mayor made in a video; urged families and citizens be protected: Mark Cachia-Riedl, AHS PTSA.

Expressed support for local preference; urged other retail locations be considered: Richard Poulson, San Leandro.

Expressed concern over not allowing microbusinesses and prohibiting smoking: Sam Hensley, Alameda.

Stated the overall PTA Council will be considering a resolution supporting the 1,000 foot buffer zone; expressed concern over edibles that look like candy and support for ongoing education and awareness: Chuck Kapelke, PTA Council.

Expressed concern over the City not representing its constituents by not allowing delivery services and over the conclusion that data does not recommend an equity policy: Debra Mendoza, Alameda.

Stated that he hopes the Council allows Steephill Labs to locate in Alameda; the lab is world-class with a lot of workers: Thomas Blank, Steephill Labs.

Encouraged people to educate themselves on the benefits of cannabis: Suzanne Blank, Steephill Labs.

Stated Bloom Innovations would like to operate a dispensary with local partners in Alameda; suggested having a community benefits plan, which could dedicate money to youth education and substance abuse; expressed concern over the \$3,000 delivery maximum if it applies to deliveries to dispensaries and limiting the buffer zones to the most active commercial areas that might not have sites available: Steven Cassidy, Bloom Innovations.

Discussed his cannabis food manufacturing business, which he thinks fits in a business park; expressed concern over the smoking prohibitions: Khari Stallworth, Alameda.

Stated the consensus at the PTA meeting she attended was there are more important issues than the buffer zone; cannabis businesses will be discrete and want to give back to the community; people already use deliveries services in Alameda; urged recreational adult use be allowed; she would like to have a manufacturing license in Alameda: Sasha Stallworth, Alameda.

Stated that she would like to start a nursery, which is different than cultivation; expressed support for cannabis businesses on Harbor Bay, local preference and a 600 foot buffer; discussed nursery businesses: Sandra Square, Alameda.

Expressed support for a community benefit plan and having taxes go back into the community; stated a 1,000 foot buffer is effectively a ban; urged Council to adopt 600 a foot buffer; stated patients should be permitted to cultivate the State minimum of six plants; encouraged onsite consumption be allowed: Sharon Golden, Alameda Island Cannabis Community.

Discussed the impacts of cannabis legalization in Washington and provided implementation examples; urged Council to consider a dedicated nursery and seedbank: Phil Redd, Washington.

Stated that she operates a delivery service in Oakland; residents want money to stay in Alameda; the City should allow delivery only permits, rather than tying delivery to a dispensary; she supports a 600 foot buffer zone, which has been implemented in other cities: Conchita Nunn, Alameda.

Councilmember Oddie left the dais at 11:15 a.m. and returned at 11:17 a.m.

Urged the ordinance focus on medicinal use; suggested surveying existing business park businesses before allowing cannabis use; suggested Alameda County Social Services Child Endangerment division data be reviewed; urged the total impacts be reviewed; stated the jobs that would be created would not be union or have health benefits: Karen Bey, Alameda.

Submitted information; discussed the addictiveness of marijuana: Serena Chen, Alameda.

Urged following the State requirement of 20 employees for labor peace; discussed vending machine technology; expressed support for the 600 foot buffer or less: Mike Rosati, Alameda.

Stated that he does not think 400 more feet for the buffer zone makes a difference; expressed support for allowing onsite consumption: Adam Rogers, Alameda.

Discussed her cannabis manufacturing business, which would like to locate in Alameda; expressed support for a 600 foot buffer, companies being allowed to locate next to each other, adopting the State standard for labor peace, local hire incentives and adult use: Kristi Palmer, Kiva Confections.

Expressed support for lowering the labor peace agreement, which will guarantee smaller businesses will not undercut bigger businesses, and support for onsite consumption; suggested staff review Assembly Bill 133: Augustin Ramirez, International Longshoreman Warehouse Union.

Stated a lot of progress has been made in a short time; redoing regulations that the State has already done is a waste of time; urged approval of onsite consumption to allow his proposed club business and 600 foot buffer; discussed equipment that can be used to test for cannabis use, State grants and educating youth: Nick Portolese, Portman Enterprises.

Discussed increasing participation of black and brown communities in the legal cannabis industry: Lanese Martin, The Hood Incubator.

Stated the ordinance does little to destigmatize marijuana; expressed concern over Police involvement; urged everyone work to get marijuana legalized at the federal level: Andrew Huntoon, Alameda.

Stated that he is a cultivator and does not understand why cultivation is not allowed since warehouse space is available; cultivation can bring in more revenue than a dispensary; 30,000 square feet for cultivation brings in \$8 million; the City could kick the business out if there are problems: Eric Heard.

Discussed the buffer zone; stated that he is ready to submit a permit for a dispensary: John Ngu, Alameda.

Mayor Spencer called a recess at 11:49 a.m. and reconvened the meeting at 12:07 p.m.

Councilmember Oddie made brief comments; expressed support for prioritizing incubator space, microbusinesses, deliveries, looking into adult use, nurseries, and a 1,000 foot buffer, with being open to a smaller buffer for manufacturing and labs; stated the statistics regarding equity concern him; requested more information; inquired whether manufacturing for adult use would be allowed.

The Community Development Director responded testing and manufacturing would be allowed for adult use and medicinal.

Councilmember Oddie expressed support for onsite consumption; discussed specific ordinance sections.

In response to Councilmember Oddie's inquiry, the Community Development Director outlined the State law definition of sensitive uses.

Councilmember Oddie suggested the ordinance read: "State licensed day care facility;" suggested adding Blanding and Harbor Bay Business Park as dispensary sites; stated manufacturing and testing should not be limited at this point; the smallest cultivation should be considered; inquired why research and development was removed.

The Community Development Director responded research and development is not a license at the State level.

Councilmember Oddie requested immigration status not be part of the background investigation; suggested the hours of operation be 8 a.m. to 8 p.m.; stated keeping labor peace at 10 employees is important.

In response to Vice Mayor Vella's inquiry, the Community Development Director stated deliveries from off Island would be allowed and a permit would be required; additionally, the recommendation is that the dispensaries in Alameda would be permitted to do deliveries.

Vice Mayor Vella expressed support for dispensaries having a 1,000 foot buffer from schools; stated that she is hesitant to apply the buffer to parks, which is effectively a ban; locations should not be limited to business parks; applicants should have to do community outreach; manufacturing and laboratories should have a 600 foot buffer; the State taxes are high; suggested the City review taxation of all businesses, not just the cannabis industry; expressed support for onsite consumption with assurance people would not drive; stated smoking prohibitions would disparately impact non-homeowners; noted cannabidiol (CBD) is currently sold in Alameda; requested Section 69-59.5(c)5 be amended because it is overly broad; expressed support for delivery permits; stated that she would like to include a specific review date for co-location for recreational use and other possibilities, such as the seed nursery.

Councilmember Matarrese expressed support for a medical use dispensary and laboratory use; stated the City should not assume liability for manufacturing use; cultivation should be limited to cloning and small scale nurseries; location will be the big issue; applications should not be accepted until the City's fee structure is approved; fees should ensure there is no cost to the City and cover indemnification or bonding in case the City has to pay to legally defend itself; regarding equity, Council should receive the breakdown of the data for the past 20 years; regarding delivery, the permits are important, should cover the complete cost and should be bonded; the scale of deliveries should be limited; he does not support onsite consumption at this point; he opposes having the selection criteria include contributions, instead funds should go towards education; Park and Webster Streets should not be the only possible dispensary locations; he supports the 1,000 foot buffer and having sensitive uses include parks with recreation centers.

Councilmember Ezzy Ashcraft stated Alameda should start small, go slow and not be an early adopter; that she is hesitant for Alameda to get into cultivation; expressed support for: one or two testing labs; two medical use dispensaries, possibly in a business park; allowing the dispensaries to do deliveries; and a brick and mortar delivery only service; stated that she objects to onsite consumption; she would be interested in reviewing having the smoking ordinance allow smoking medical cannabis; expressed support for the 1,000 foot buffer, including parks with recreation centers; stated the buffer could be lowered to 600 feet for testing labs and possibly manufacturing, which should not be allowed in Alameda yet; community benefits should not be a selection criteria.

Mayor Spencer inquired whether the meeting could go beyond 1:00 p.m., to which the City Clerk responded in the affirmative.

Mayor Spencer stated public comments were made regarding recent allegations;

requested the City Clerk read the October 17th Closed Session announcement.

The City Clerk read the announcement.

Mayor Spencer stated that she has requested more information on the arrest data and school records; provided background information on referrals; stated that she supports the voters approving the decriminalization of marijuana; she will support anything to make cannabis legal; discussed disparate impacts and the black market; stated that she supports the 600 foot buffer zone, reducing the stigma, the 21 year old age limit, and onsite consumption; suggested that Council review the list to determine where there are three votes.

Councilmember Oddie inquired whether whatever Council does not regulate will be banned, to which the Community Development Director responded in the affirmative.

Mayor Spencer noted the schools have education programs, which she supports.

The Community Development Director inquired whether Council wants information on the equity program prior to enacting an ordinance.

Mayor Spencer responded the information should be provided to Council immediately; stated the ordinance first reading should be on November 7th.

Councilmember Matarrese stated that he does not see how Council can have a first reading without the equity clause; Council cannot make a determination on the data until there is a public meeting.

Councilmember Oddie inquired whether the equity clause is in the regulations or part of the permitting process.

The Community Development Director responded currently, the ordinance is silent and does not address an equity program; stated the equity program in Oakland has two permit dispensary categories; half of the permits are reserved for the equity program; tackling amendments to include equity in the ordinance could take at least six months.

Mayor Spencer inquired whether the matter could come back to Council when staff returns with the dispensary permit selection process, to which the Community Development Director responded in the affirmative.

A majority of Council concurred with the suggestion.

In response to the Community Development Director's inquiry about allowing medicinal dispensaries, the Council voted unanimously.

In response to the Community Development Director's inquiry about supporting adult use dispensaries, the Council voted as follows: Ayes: Mayor Spencer – 1. Noes:

Councilmembers Ezzy Ashcraft, Matarrese, Oddie and Vella – 4.

In response to Vice Mayor Vella's request that staff provide a specific date when the matter will return, the Community Development Director stated staff would recommend returning 12 months after the effective date, which would be December 2018.

In response to the Community Development Director's inquiry about allowing two dispensaries, Councilmember Matarrese expressed support for one; Mayor Spencer expressed support for four; Vice Mayor Vella expressed support for two; Councilmember Oddie expressed support for two; and Councilmember Ezzy Ashcraft expressed support for two.

Dispensary locations were discussed.

In response to the City Attorney's inquiry whether Council agrees to the 1,000 foot buffer zone, Council voted as follows: Ayes: Councilmembers Ezzy Ashcraft, Matarrese, Oddie and Vella – 4. Noes: Mayor Spencer – 1.

Following discussion of the distance between dispensaries, the Community Development Director stated the Council consensus is to allow dispensaries anywhere outside the 1,000 foot buffer zone and approximately one and a half miles apart.

The definition of sensitive uses was discussed and the map was reviewed.

Council consensus was to have staff review the definition to determine whether parks with Recreation Centers would be included and provide two new maps with the Recreation Centers added: one with a 1,000 foot buffer and one with a 600 foot buffer.

In response to Mayor Spencer's inquiry about allowing nurseries, a majority of Council expressed support.

The Community Development Director stated the ordinance will only permit a Cultivation Permit Type 7, which is nurseries.

A majority of Council voted in favor of allowing only one nursery.

Eligibility to receive State grants was briefly discussed.

The Council discussed nursery locations.

Vice Mayor Vella left the dais at 2:03 p.m. and returned at 2:04 p.m.

In response to the Community Development Director's inquiry regarding permitting one nursery located in the manufacturing zone with the same buffer zone as dispensaries,

Council voted unanimously.

The Community Development Director noted the remainder of the cultivation licenses would be prohibited.

In response to the Community Development Director's inquiry regarding prohibiting microbusinesses, Council voted as follows: Councilmembers Ezzy Ashcraft, Matarrese, Oddie and Vella – 4. Noes: Mayor Spencer – 1.

Delivery only businesses were discussed; there was not support to allow delivery only businesses.

Council discussed only permitting distribution attached to a manufacturing business and voted as follows: Ayes: Councilmembers Oddie, Vella and Mayor Spencer – 3. Noes: Councilmembers Ezzy Ashcraft and Matarrese – 2.

Regarding a cap of four manufacturing businesses, Council voted as follows: Ayes: Councilmembers Oddie, Vella and Mayor Spencer – 3. Noes: Councilmembers Ezzy Ashcraft and Matarrese – 2.

The location of manufacturing businesses was discussed.

Council unanimously supported a 600 foot buffer within the manufacturing zoning.

Council supported allowing two testing labs with a 600 foot buffer in the manufacturing zone.

Regarding allowing onsite consumption, Council voted as follows: Ayes: Councilmembers Oddie, Vella and Mayor Spencer – 3. Noes: Councilmembers Ezzy Ashcraft and Matarrese – 2.

The Community Development Director inquired whether onsite consumption would be linked to the two dispensaries.

The City Manager clarified two separate businesses could operate in the same space: the onsite consumption business and the dispensary.

A majority of Council expressed support.

Hours of operation were discussed.

The Council consensus was not to limit the hours of operations for manufacturing and labs.

Council discussed whether or not to modify the hours of manufacturing and lab major transactions, such as deliveries of goods and large cash deposits; a majority agreed to

have staff review the matter and bring it back.

Council discussed the hours of operation for dispensaries and onsite consumption; a majority of Council agreed to 7:00 a.m. to 9:00 p.m.

Council discussed Section 6-59.5.c.5 regarding background investigation of owners and directed the City Attorney's office to review the section and return with a recommendation.

Council discussed requiring a cash bond instead of just insurance.

The Community Development Director noted the ordinance requires insurance and includes an indemnification clause.

In response to Mayor Spencer's inquiry whether the Council direction is to bring back the current recommendation with additional information that Council could modify, a majority of the Council concurred.

In response to the Community Development Director's inquiry whether vending machines should be prohibited within dispensaries, a majority of Council concurred.

The Community Development Director and Assistant City Attorney reviewed minor clarifications which staff would incorporate in the ordinance.

The Council discussed labor peace and a majority of Council concurred with lowering the number of employees from ten to two.

In response to Mayor Spencer's inquiry, a majority of Council expressed support for local hire provisions.

The Council discussed not including what a company gives to the community as a preference point.

Mayor Spencer stated the matter would return to Council.

Councilmember Oddie stated that he would like any personnel requests to come back soon.

CITY MANAGER COMMUNICATIONS

None.

ORAL COMMUNICATIONS, NON-AGENDA

None.

COUNCIL COMMUNICATIONS

None.

ADJOURNMENT

There being no further business, Mayor Spencer adjourned the meeting at 3:00 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Sunshine Ordinance.