



# CITY OF MERCED

City Council Chamber  
Merced Civic Center  
2nd Floor  
678 W. 18th Street  
Merced, CA 95340

## Minutes

### City Council/Public Finance and Economic Development Authority/Parking Authority

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Tuesday, September 12, 2017

6:00 PM

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#### A. STUDY SESSION ROLL CALL

Mayor MURPHY called the Study Session to order at 6:02 PM.

Planning Commissioners in attendance - CAMPER, COLBY, DYLINEA, SMITH

**Present:** 7 - Council Member Michael Belluomini, Council Member Anthony Martinez, Council Member Jill McLeod, Council Member Joshua Pedrozo, Council Member Matthew Serratto, Mayor Mike Murphy, and Mayor Pro Tempore Kevin Blake

**Absent:** 0

#### B. STUDY SESSION

**B.1.** **SUBJECT: Joint Study Session with City Council/Planning Commission to Discuss Draft Cannabis Ordinance**

##### REPORT IN BRIEF

A joint Study Session with the Planning Commission and City Council to discuss Draft Cannabis Ordinance.

Development Services Director Scott MCBRIDE gave a brief overview of the agenda and updated some of the current terminology regarding marijuana.

Neil HALL, SCI Consulting gave a slide show presentation on new laws and regulations being developed due to the voter-approved adult-use for cannabis. He discussed differences in adult-use and medicinal-use cannabis. He highlighted the number of medicinal marijuana card holders in the County and the State. He discussed several options regarding cultivation, manufacturing, testing, distribution and dispensaries that could be included in the proposed ordinance.

Mr. Hall also discussed taxation and fees involved and the potential revenue for the City.

City Manager Steve CARRIGAN discussed the amount of time the City has spent on the topic and thanked the Council for their work on this item.

Council Member PEDROZO questioned taxation on medicinal cannabis and asked for clarification on cultivation and nurseries.

Mr. HALL stated that nurseries could only wholesale immature plants.

Mayor Pro Tempore BLAKE asked about the cash-only aspect of the business.

Mr. HALL stated that there are options to accept cash tax payments.

Mayor MURPHY stated his support for indoor cultivation, 4 dispensaries and deliveries. He highlighted some confusion with the amount of space allowed for cultivation. He discussed the need for a vote by the people to tax cannabis in order to fund extra services that will be required to monitor these businesses.

Council Member BELLUOMINI expressed concern that hearings have not been held regarding the adult use of marijuana. He suggested moving forward with medicinal marijuana.

Council Member BELLUOMINI asked for clarification on several items in the draft ordinance. He also expressed concern that the ordinance conflicts with federal law. He asked for clarification on different zones quoted in the ordinance.

Planning Manager Kim ESPINOSA stated that Central Commercial and Regional Commercial are the same zoning category.

Council Member BELLUOMINI stated that he met with the consultant prior to the meeting to go over the ordinance.

**Clerk's Note:** Mayor MURPHY and Planning Commissioner SMITH left the meeting at 6:45 PM. Mayor Pro-Tempore BLAKE assumed the Chair duties for the remainder of the meeting.

Council Member BELLUOMINI continued to ask clarifying questions, including those related to business signage, volatile and non-volatile language, and other language used in different sections of the ordinance.

Council Member MCLEOD suggested that adult-use cannabis should be considered, due to the voters' approval.

Council Member PEDROZO agreed that adult-use should be considered as well.

Council Member BELLUOMINI continued to ask for language clarification in different portions of the ordinance. He also requested to review the criteria for awarding the permits for the four dispensaries.

Ms. ESPINOSA stated the criteria will be made available to Council, but would not be written in the ordinance.

Council Member MCLEOD stated support for both medicinal-use and adult-use cannabis due to the voter support in the City.

Planning Commissioner COLBY asked for clarification on the ordinance in regards to violating federal law.

Interim City Attorney Kim FLORES stated the ordinance follows state law.

Council Member MARTINEZ inquired about the amount of cannabis that can be purchased by recreational users and medicinal users.

Planning Chair DYLINE asked about medicinal cards and privacy laws.

Mr. HALL stated that the information was protected under HIPAA laws.

### **C. PUBLIC COMMENT**

Susan BOUSCAREN, Merced - asked about the timeline for the applications.

Will SCAARUP, Eureka - spoke about the zones for delivery and distribution.

Mark YANDOW, Merced - spoke on land use.

Frank QUINTANA, Madera County - spoke on the selection process for dispensaries.

Wes HARDIN, Hanford - spoke about the differences in medicinal and recreational marijuana.

Zach DRIVAN, Stockton - spoke on his experience as an attorney with various marijuana issues.

Noble WARD, Merced - spoke on the tax implications of marijuana.

Hai DUONG, Merced - spoke on medicinal marijuana for pain relief.

#### **D. COUNCIL DIRECTION ON DRAFT CANNABIS ORDINANCE**

Council Member MARTINEZ suggested looking at the whole ordinance.

Council Member BELLUOMINI made a motion to have staff correct the ordinance and return it to Council with amendments for reconsideration.

**Clerk's Note:** The motion failed for lack of a second.

Planning Chair DYLINE stated that commercial cultivation should be self-funding.

Council Member SERRATTO stated that the ordinance should include both adult-use and medicinal-use.

Council Member PEDROZO asked about Conditional Use Permits.

Planning Manager Kim ESPINOSA suggested polling the Council and Planning Commissioners for direction on the different aspects of the ordinance.

Council and Planning Commissioners continued to discuss the different zone uses and locations for different aspects of the marijuana industry.

Direction for the ordinance:

Cultivation and Nurseries - Allow in Light Industrial and Heavy Industrial Zones.

Non-Volatile Manufacturing - Allow in Light Industrial and Heavy Industrial Zones.

Volatile Manufacturing - Allow in Heavy Industrial Zones.

Adult-Use Dispensaries - Allow 3 Adult-Use Dispensaries in Central Commercial and General Commercial Zones (prohibited in City Center).

Medicinal-Use Dispensaries - Allow 1 Medicinal-Use Dispensary in Commercial Office, Central Commercial and General Commercial Zones (prohibited in City Center).

Distribution - Allow in General Commercial, Light Industrial and Heavy Industrial Zones.

Laboratory Testing - Allow in Commercial Office, Central Commercial, General Commercial, Light Industrial and Heavy Industrial Zones.

Council Member BELLUOMINI expressed concern that giving direction on adult-use dispensaries was premature.

Council Member BELLUOMINI suggested that the applicants could appeal to the City Council.

Council and Planning Commission agreed with the final appeal being at the Council level.

City Manager CARRIGAN thanked the Council and Planning Commission for their efforts.

## E. ADJOURNMENT

**A motion was made by Council Member Belluomini, seconded by Council Member Pedrozo, that the Study Session be adjourned. The motion carried by the following vote:**

**Aye:** 6 - Council Member Belluomini, Council Member Martinez, Council Member McLeod, Council Member Pedrozo, Council Member Serratto, and Mayor Pro Tempore Blake

**No:** 0

**Absent:** 1 - Mayor Murphy

Planning Commissioners in favor of adjournment - COLBY, CAMPER, DYLINEA

**Clerk's Note:** The meeting adjourned at 8:44 PM.