

SUSANVILLE CITY COUNCIL
Special Council Meeting Minutes
THURSDAY, FEBRUARY 24, 2022 – 5:30 PM

Mayor Schuster calls the meeting to order at 5:30 p.m.

Roll Call of Councilmembers Present: Thomas Herrera, Quincy McCourt, Kevin Stafford, Brian Moore, Mendy Schuster

1. APPROVAL OF AGENDA: (Additions and/or Deletions)

Moved by Thomas Herrera; seconded by Kevin Stafford to Approve.

Motion Carried: 5 - 0

Voting For: Thomas Herrera, Quincy McCourt, Kevin Stafford, Brian Moore, Mendy Schuster

Voting Against: None

2. BUSINESS FROM THE FLOOR: No business.

3. COUNCIL DISCUSSION/ANNOUNCEMENTS:

Councilmember Herrera requested prayers for those overseas at this time.

4. NEW BUSINESS:

4.A Consider the report and recommendations from the City of Susanville Cannabis Ad Hoc Committee

Mr. Newton started by stating that he, and staff, will be presenting their portions of the report. He added that the report will be presented in the following sections:

1. Introduction
2. Market research and Types of Cannabis Businesses and Associated Land Use
3. Proposed Federal Regulations
4. Public Safety – Fire
5. Public Safety – Police
6. Recommendations
7. Implementation

Mr. Newton stated that the city of Susanville appointed a Cannabis Activity Ad Hoc Committee on June 2, 2021, to study the legal cannabis industry and make recommendations to the City Council. The Ad Hoc Committee has met several times, went on a field trip to various cannabis operations, held a public workshop and prepared a written report including findings and recommendations.

The history of the legal cannabis industry including Prop 64, and how the various types of cannabis activity may look, if implemented, was provided.

Mr. Newton stated that the committee met 17 times and indoor cultivation, manufacturing and distribution operations were visited. He added that activities were looked at to determine the following: are they safe, area they clean, what type of impact they had on the community. The assessment was done by staff on a professional level within the scope each staff members respective position with the city.

The Committee met and are presenting the following findings:

Finding 1: The Ad Hoc committee has researched the legal cannabis industry. The Ad Hoc committee has observed that the legal cannabis industry is well regulated and professionally operated.

Finding 2: The Ad Hoc committee has spoken to community leaders in other cities and counties. The Ad Hoc committee has been educated and informed regarding the legal cannabis industry. The Ad Hoc committee has observed that the legal cannabis industry provides economic benefit and operates in a safe and secure manner within several communities.

Finding 3: The Ad Hoc committee has found that the legal cannabis industry pays license fees to the state and local jurisdictions and state and local taxes. The Ad Hoc committee has observed that the costs to operate a legal cannabis business in California is difficult due to the high taxes and fees in addition to the costs of meeting regulatory compliance.

Finding 4: The Ad Hoc committee has researched pending federal regulations that may lead to legalizing cannabis at the federal level. The Ad Hoc committee has observed that cannabis is listed as a schedule 1 substance and subject to federal regulation. The Cannabis industry has operational and banking limitations based on federal law.

Finding 5: The Ad Hoc committee has researched the number of cannabis users in our community. Given statistical norms a conservative estimate is that 14 percent (14%) of our adult population uses cannabis. Allowing legal cannabis within our community will provide our citizens safe and convenient access to cannabis products.

Finding 6: The Ad Hoc committee has researched local regulations on the cannabis industry. The City's land use authority allows for regulating various cannabis activity to specific zones within the City in addition to placing requirements on cannabis businesses to ensure safe and discrete operations at appropriate locations.

The following recommendations were made by the Ad Hoc Committee:

Recommendation 1: To ensure safe and accessible cannabis products for our citizens and to facilitate the opening of professionally operated business activities within the City. The Susanville City Council should adopt a local ordinance allowing but, appropriately regulating, the following Cannabis Activities and streamline the permitting process:

- 1) Indoor cultivation – within industrial zones
- 2) Manufacturing – within industrial and commercial zones
- 3) Distribution – within industrial and commercial zones
- 4) Retail Sales – within industrial, commercial, and uptown business district zones (limited to 3 citywide)

Mr. Newton provided a description on the activities listed. He then presented three maps. Map 1 showed industrial areas that could be used for indoor cultivation. Map 2 showed proposed zoning districts for distribution, manufacturing, testing and microbusiness. Map 3 showed proposed allowable zoning districts for dispensary locations (maximum of three (3)). He added that all areas would still require any type of cannabis business be at least 600 feet from schools, parks or libraries. The maps are representative of the proposed zoning districts that the Adhoc is recommending that various activities be allowed and regulated.

Recommendation 2: To ensure that the City of Susanville is a marketable location for cannabis businesses to become established, the taxes and fees should be set at competitive rates. The Susanville City Council should adopt a local business tax ordinance setting taxes and fees for cannabis activities and place the item on the ballot at the earliest opportunity, after June 7, 2022. The taxes for cannabis activities should represent 2-3 percent (2 % – 3 %) of gross sales and should be scalable to increase up to 8 percent (8%) to coincide with the Lassen County ordinances.

Recommendation 3: To ensure community benefits, the Susanville City Council should explore other revenue options in the interim between allowing cannabis activities and establishing a cannabis tax.

Recommendation 4: Offer storefront cannabis retailer an onsite threat assessment by law enforcement. This will be available to all employees to aid and identify any potential indicators of possible robberies and suspicious activity at their location.

James Moore, Fire Chief, presented his portion of the report. Chief Moore stated that the Ad Hoc Committee was very diverse and constructive. He stated that he also did the site visits and stated that he saw no fire hazard in allowing these types of businesses within city limits. He added the everything he saw met all safety standards as they pay to provide a safe environment. He also mentioned that in those areas, honey lab explosions saw a dramatic reduction due to it being available.

Ryan Cochran, Police Chief, stated that he went on the site visit as well, and then talked to other law enforcement and found no additional crime. He also mentioned the threat assessment to see if people can break in.

Mr. Newton stated that it was determined that this business should be treated like every other business, they are just held at a high standard.

The following Implementation Steps to consider were presented:

1. Engage – gather public input through informal Community Workshop
2. Inform – conduct special meeting to present formal cannabis report to City Council
3. Engage – post cannabis report from special meeting to social media and city website
4. Public Hearing – introduce ordinance tentatively scheduled for April 20, 2022, City Council meeting
5. Adopt Ordinance – tentatively scheduled for May 4, 2022 City Council meeting.

Mr. Newton concluded his report.

Councilmember Herrera talked to one of the businesses visited and asked if they would expand to Susanville and they stated they would not if the tax is too high. Councilmember Herrera stated he would support a 1-2% tax.

Mayor pro tem Moore asked if the disc golf course and dog park would be considered parks to which Mr. Newton responded yes. He then asked Chief Moore if it would affect the ISO rating to which the Chief responded no. He concluded by asking about odor coming from the building to Mr. Newton stated only right next to the building and not consistently.

Mayor Schuster stated that she would be against anything that would be in conflict with the federal government and would also suggest waiting to vote on the issue until after the election.

Michael Blashak, public member, stated that there is nothing in the Constitution that prohibits drug use. He also stated that it would be an economic benefit to the city. He continued that the city and county reports are similar and he requested that the city goes forward with this as it would bring some sort of industry to the area.

Mr. Teeter, public member, mentioned that, not only is it not prohibited in the Constitution, it is legal in California. He added that he wanted to see some of the empty buildings renovated and the additional tax revenue to help the city.

Rudy Valentine, public member, asked if there is a number of businesses that we are looking at to which Mr. Newton responded that there are numbers from sales at a county business. We are not sure if anyone will want to set up shop as the market will drive it. It was also added that there would only be indoor cultivation.

Carol Ann, public member, stated that Carson City received 1.98% (\$1.2 million) in cannabis taxes. She added that most people in area go to Reno to purchase it. He offered additional information on how money come in and what goes to the growers.

Katrina Shockley, business owner, stated that she grows outdoor hemp and creates body creams, etc... and CBD products. She added that her business is nation wide and about to go global. She would like to have Susanville get her tax money as well. She is only producing hemp and she knows what hoops she had to go through.

Carol Clark, public member, discussed a county supervisor meeting in August 2019 and stated that cannabis was voted out as the will of the people was that it was not wanted. She added that only 25% of the counties in California are allowing it, that means 75% are not. She provided additional statistics that she had found.

Curtis Bortle, public member and business owner, stated that, while he appreciated Ms. Clark's research, a lot of the information is bias and not true. He discussed what he knew between a provisional license and full licensing. He added that the previous Measure M tax poll stated 58.2% of the county was in favor with the city of Susanville 53.9% in support of it.

Gary Bridges, County Supervisor District 2, stated that he agreed with the Mayor, wait until after the election as it could change once the election is over. He stated that he was against it and believed that it would send a bad example to the youth in the community.

Maria Fregulia, public member, shared a personal story regarding two youth she taught that used marijuana and two years later one of them overdosed.

An unidentified public member inquired as to whether or not CEQA had to be done for the grows.

Kelly Mumper, City Planner, stated that they would be asking for an exemption, especially since it only being proposed as indoor grows.

Rita Heath, public member, asked how stopping a legal business would prevent youth from getting the pot they are already getting in the public from illegal sales.

Thomas Watson, public member, stated that he does not remember seeing a lot of high people in previous years but does remember seeing a lot of drunk people. He stated that he would much rather see people high if you are comparing pot and alcohol. He stated that he has seen it go

from being all natural to now business owners spray painting their cannabis so he now believes their needs to be some regulations to prevent this.

Councilmember Herrera stated that he remembered a smaller grow that could not be dealt with and now there are many illegal grows. He expressed his disappointment with previous councils not taking advantage of opportunities in the past and now there is an opportunity in front of us and he is in favor of it. He added that he would like to have a manufacturing and distribution industry here.

Mayor pro tem Moore thanked the public for coming and speaking on the topic.

Councilmember Stafford agreed with Councilmember Herrera and stated that UNR is also offering classes on it. He stated there were no smells from the places they visited.

Councilmember McCourt offered thanks to Councilmember Herrera for voicing his concerns. He stated that he is not part of the Ad Hoc committee but appreciated what they are doing. He added that he did not see why cannabis is controversial and that there are financial solutions with this. He concluded that, for those who are against it, they should talk to him so they can come up with solutions. He stated that he is not concerned with the smell but, if it is something that needs addressed like information for parents, police discussions, he would like to know so it can be discussed.

Mayor Schuster stated that she took an oath and that she is still not in favor of cannabis as she will not agree with anything against federal law.

Mr. Newton requested direction on what recommendation.

Herrera – agreed with 2-3% and maybe some incentives.

Moore - should have the public hearing but should wait until after the election.

Stafford - let's move forward and go ahead with how it is.

McCourt - agree

Mr. Newton stated that he now has his direction.

5. ADJOURNMENT:

Moved by Thomas Herrera; seconded by Kevin Stafford to Approve Adjourned at 7:32pm

Motion Carried: 5 - 0

Voting For: Thomas Herrera, Quincy McCourt, Kevin Stafford, Brian Moore, Mendy Schuster

Voting Against: None

Respectfully submitted by:

Mendy Schuster, Mayor

Heidi Whitlock, City Clerk

Approved on: March 16, 2022