

**Minutes of the Blythe City Council
Special Meeting
March 21, 2018**

The March 21, 2018 Special Meeting of the Blythe City Council was called to order at 3:00pm in the Council Chambers by Mayor Reynolds. Also in attendance were Council Members DeConinck, Rodriguez and Halby. Vice Mayor Egan joined the meeting after it was called to order. Staff in attendance included: Interim City Manager and City Clerk Crecelius, City Treasurer and Finance Director Elms, Police Chief Wade, Public Works Director Baldizzone and City Attorney Bettenhausen.

The Pledge of Allegiance was led by Mayor Reynolds. Interim City Manager asked for the record to show that Vice Mayor Egan was excused from the meeting, but he may be joining us if he can make it in time.

CONSENT CALENDAR: *Items on the Consent Calendar are considered routine and will be enacted with one motion of the Council. If any item requires individual consideration, it will be removed from the consent calendar and acted upon separately.*

2. Posting of the Agenda.

The summary of agenda items were posted on the bulletin boards on the outside of the public entrance to the Council Chamber, near the inside entrance of the Council Chamber and at Ontario Convention Center, 2000 E. Convention Center Way Ontario, CA 91764 on Monday, February 19, 2018.

No public comment. Councilman DeConinck moved approval of the Consent Calendar. The motion was seconded by Councilman Rodriguez with a unanimous aye vote.

NEW BUSINESS:

Addition of a Micro-Business Permit to the Commercial Cannabis Activity Ordinance. Interim City Manager Crecelius stated at the last Council meeting staff recommended Council issue dispensary permits to Have a Heart and Flora Holding as these applicants had achieved the highest combined scores through the application process. At the meeting Council unanimously voted to issue licenses to Have a Heart and El Rancho Verde, LLC. After that meeting Mayor Reynolds asked staff to agendize a Special Meeting to discuss issuing an additional dispensary license to Flora Holding. The Ordinance, as currently written only allows for the issuance of two dispensary licenses. To issue more, the Ordinance would need to be amended to increase the number of dispensary permits available. The original Ordinance did not include the license type "Micro Business". This license type was added to the Dispensary category during the ordinance amendment process. At that time, two dispensary licenses were to be issued. Although Micro Business was added to the Dispensary category, no additional licenses were added to accommodate for this change. If Council wishes to issue additional licenses in the Dispensary/ Micro Business category, it would be best to remove Micro Business from the Dispensary Category altogether. Micro Business would then be a category of its own with one license available to be issued to a Micro Business. This would allow the issuance of two dispensary licenses to Have A Heart and Flora Holding, and one Micro Business License to El Rancho Verde, LLC. The attached Ordinance, if

adopted, would amend the current Commercial Cannabis Activity Ordinance by adding Micro Business as a license type with one permit available in this category.

Councilman DeConink asked about the difference between a dispensary and micro business.

Public Comment. James Schluter of 9400 18th Avenue stated two is enough. Dispensaries are not going to last that long and if you add a third it's going to hurt the other two. I agree with holding Flora out. I would suggest you ask Flora Holding to acquire a micro business license. It was reported only two licenses are available so Flora could not get a micro-business license unless another license were added.

Phillip Dawdy with Have a Heart stated we were issued our license and eight days later there is a proposal to add another license. The micro-business can bring in product from other distributions as well as produce it themselves. We have already made a substantial investment in your community and bringing in a third competitor would harm our investment. Everything we have done was predicated on two licenses. I don't know what we will do if a third is allowed. We have another couple hundred thousand dollars worth of improvements to do to our property. I don't know how you justify that with a third license. With a third you will have a price war and that will drive down price and tax revenue. I would like to return to where we were last Tuesday and move forward with the two awarded. The cannabis retail market in Blythe does not exist right now and we are taking a risk coming here. If the market proves to be booming maybe it could be readdressed in a few years.

Vice Mayor Egan joined the meeting.

David Basila of Tucson Arizona and El Rancho Verde LLC stated changing the Ordinance doesn't change the reality. It would add another dispensary to the Blythe market. As a reference LA County allows a dispensary for every 10,000 residents. Two dispensaries in Blythe exceed that. Adding additional licenses would hurt profit and make the business more challenging. Our planning was based on two dispensary licenses and adding a third changes the game. This will reduce revenue which will also impact the community benefit. Blythe could be served with a single dispensary. We believe the City Council made the right decision at the last meeting. Don't engage in a knee jerk reaction, but give time to understand it and make changes if necessary. I ask that Council vote no to changes in the Ordinance.

Tom Farrage of 476 N. 10th stated he appreciated the vote on March 13th. We have two teams developing two properties in areas in need of development. You have centralized this economic stimulus and there will be traffic. This traffic and development will promote more development in that area. I urge you to keep this vision moving forward as its good city planning. If you place another dispensary on Lovekin, the most developed portion of town, this dispensary will get 50-60% of the market while incurring the least investment. I urge you not to cloud your visions and vote no on staff's recommendation. I

also urge you to give us some guarantee that this issue will not be revisited for a few years.

Mayor Reynolds stated its not staff's recommendation, I asked to bring this back. I wanted to be the one to say where did we mess up. It's my understanding when we did the ordinance amendment process we added Micro Business to the Dispensary category. That is why we are having the discussion today, to clarify.

Interim City Manager Crecelius stated there were changes at the State level that required the City to change our Ordinance. The micro business had nothing to do with that. The micro business license category was added after a conversation with Mike Farrage, David Basila, myself, Councilman Reynolds and former Vice Mayor Tim Wade. They requested a meeting with us to discuss the ordinance and suggested adding this license type as it would help a dispensary in a small town be more sustainable. After that discussion we brought it to Council in a Study Session and at a Council Meeting and at that time Council decided to add that category. We did this at a local level during an ordinance amendment process.

Vice Mayor Egan stated as of now we have two businesses building in the part of town that we wanted stimulation and growth and to stop it from creeping into town. Where do we need the most help, its East Blythe. Where do we need the most stimulus, East Blythe. Baja Fresh has been slugging it out down there. Issuing another license for Lovekin will not help beautify Blythe, it will have zero impact. We have this brand new off ramp where people are seeing the worst of our town. For those reasons I do not think we should undermine these businesses before they open. I would like to give those seedlings in East Blythe the best chance we can. We can re-evaluate it in a year to see where we're at and if we want another Dispensary. If so, we can reopen the process at that time. I think people feel the City Council did not follow the procedure by not going with staff's recommendation. We are not here to approve the process we are part of the process, we are the last step. The City Council has the final say. If you look at the difference between 1 and 2 and the one we selected it's about 2%. I selected them because I want to rehab the area that has been our goal since we started this.

Travis Pollock of 330 S. Lovekin Blvd. stated at my location I will be doing a considerable amount of building to the inside as well as to the exterior. We have plans to renovate this building to meet State regulations. In addition I will place solar panels on top of the building to reduce costs and our carbon footprint. I will be doing improvements to improve the safety, traffic flow and visual ascetics of that building. I will be installing power stations for my vehicles. My concerns are the same as these other gentlemen's, I planned to come to this community because there was a process put together to allow for a competitive process vetted by staff and yourself to have the best applicant possible. I feel I am one of the only ones who has invested myself in regards to community benefit. I have already worked with the VFW, adopted a Highway on Interstate 10, donated to the Food Pantry and Harmony Kitchen and have contacted the School District about setting up a program to donate to them. In addition to that I am relocating to this Community which goes above and beyond what some of these other applicants are doing. I look to

invest myself fully into the City of Blythe. As my business grows I look to take my distribution and manufacturing licenses and purchase another building in this community to expand those licenses and focus on the dispensary at the Lovekin location. When this occurs I would be dedicated to buy a building that needs to be renovated and is blighted. I would be willing to enter into a development agreement that states that. I hope you look at this objectively. I am an open book and will address any concerns you may have. I hope you do amend the Ordinance today to allow for three licenses and let economics play its part. The community can sustain three licenses due to the fact we have I-10.

Vice Mayor Egan stated you picked the best building for your business but it doesn't fit with what we see is the most benefit for our town in the short term. We like what you have done and everything about you, but that is the only thing missing. We are getting two businesses in the section of town we have been looking at since we started.

Travis Pollock stated if that is the only hold back I would fully commit to purchase another building in this community to move my distribution and manufacturing license to. I will purchase a building the same way these others do and make a third building in Blythe instead of just two.

Mayor Reynolds asked Mr. Pollock if he is still willing to move forward with the Manufacturing and Distribution licenses if a dispensary license is not awarded and he stated he was still fully committed to this town regardless of what happens.

Mayor Reynolds stated the building you are at now still needs work. Does it fit your needs to have all three licenses there? Mr. Pollock stated the plan was to start small in that location and then expand. To begin it will suffice but in the near future, especially if I get a dispensary license I would like to take the distribution and manufacturing to another location. If I only have manufacturing and distribution I will stay in the current location as it would suffice.

Mayor Reynolds stated whatever Council decides today, we appreciate your forwardness, ambition and the fact that you will be operating in our community and do the best you can to help.

Mike Farrage stated we will not let you down, but it's hard when we get out of a meeting and the next morning everything turns around. We need growers here; there is a lot of hype and no show. We are invested in this community and will make a major investment in this town. You are giving us 1 year to do that and that probably isn't enough. I would ask for 2-3 years to get this operating. It blew me away to call an emergency meeting without knowing the economics. This will affect the City of Blythe's revenue. We made an investment now; we aren't doing it in the future. I think you should vote down this new Ordinance. Blythe will be happy we're here.

Mayor Reynolds stated when you apply for three different licenses there are three sets of fees. A micro business application is one fee so he paid more money to do the same thing.

City Attorney Bettenhausen recommended that Flora Holding have the last word.

Travis Pollock stated you have an opportunity in front of you to rehab more buildings in Blythe than just the two. I am dedicating through a development agreement to purchase another building for manufacturing and distribution. If I did not do that, you could then restrict my dispensary license. With three licenses it will only improve the sales in this community. They continue to talk about a limited market, but that is based on your marketing plans, how well you are developing your community involvement and reaching to the public to gain those sales. I look to invest heavily into the community and believe I have already demonstrated that.

Councilman Rodriguez moved to stay the course with two dispensary licenses. The motion was seconded by Vice Mayor Egan with a unanimous aye vote. Council would like to review and evaluate all cannabis licenses annually.

ORAL REPORTS: None

PUBLIC COMMENT:

Sandy Hudson of 9646 4th Avenue stated she was representing Palo Verde Hospital. I hope these gentlemen and all involved in the cannabis industry remember Palo Verde Hospital. We are struggling to make it. We provide 150 jobs and your input is going to be needed if we are going to survive. When you decide where your dollars are going I hope you remember us.

Vice Mayor Egan asked if there was a way to hold these businesses feet to the fire so if something isn't happening in 6 months we could allow another applicant in. Interim City Manager Crecelius stated this is something we will want to address as the Ordinance is silent on what happens to the license if they do not move forward with it. This will be brought back to Council at a future date.

Phillip Dawdy of Have a Heart stated we are involved in our community in Washington and Oregon and will be in California. I have been coming through Blythe my entire life and what I have noticed about Blythe that you don't see in other small communities is a homeless population. In Seattle we have two employees that are formerly homeless who we brought off the street and put to work for us. We are going to have a similar attitude here.

Mike Farrage stated if we don't have a hospital we're done. The only way we can change the hospital is to make drastic change there. I am going to work my hardest to work with them. I don't have problem donating, but you can't donate to a black hole. I have some information from people in this business and there may be an opportunity there. I don't know if 6 months is enough time to get our project going.

MEMBER COMMENT:

Councilman DeConinck stated CWA's Farmer's Ball is this weekend.

CLOSED SESSION:

Conference with Legal Counsel-Anticipated litigation. Initiation of litigation Pursuant to paragraph (4) of subdivision (d) of Section 54956.9, one case.

REPORT FROM CLOSED SESSION:

City Attorney Bettenhausen stated Council entered closed session to discuss one item, anticipated litigation, Conference with Legal Counsel, one case. Direction was given and no formal action was taken.

ADJOURN: The City Council meeting was adjourned at 4:35pm.

Dale Reynolds, Mayor

ATTEST:

Mallory Crecelius, City Clerk