

TRACY CITY COUNCIL - SPECIAL MEETING MINUTES

September 7, 2021, 5:00 p.m.

Tracy City Hall, 333 Civic Center Plaza, Tracy

1. CALL TO ORDER – Mayor Young called the meeting to order at 5:07 p.m.
2. ROLL CALL – Roll call found Council Members Bedolla, Davis, Mayor Pro Tem Vargas and Mayor Young present. Council Member Arriola was absent from roll call.

Council Member Arriola joined via Web-Ex at 5:08 p.m. and arrived in person at 5:29 p.m.

3. ITEMS FROM THE AUDIENCE – There was no public comment.
4. REVIEW THE CITY'S CANNABIS BUSINESS PERMIT APPLICATION PROCEDURES AND GUIDELINES, COMMERCIAL CANNABIS ACTIVITY ORDINANCE, CANNABIS BUSINESS PERMIT ISSUANCE PROCESS, AND PROVIDE DIRECTION TO STAFF

Assistant City Manager Midori Lichtwardt recused herself from the item as she is the hearing officer for the current cannabis hearings.

Bill Dean, Interim Development Services Director provided the staff report and responded to questions.

City Council questions followed.

Karen Moore shared her frustration regarding the delays in the process of the cannabis permits and the limit to four storefronts.

Lauren Carpenter, on behalf of Embarc spoke about application scoring, and asked Council to direct staff to score the Embarc application.

Nichole Trujillo Rice, United Food and Commercial Workers Local 8, echoed Lauren Carpenter's sentiments. Applications selected should be on merit and not lottery, and requested a local hiring ordinance that includes a wage and benefit analysis and a health and safety standards.

Deanna Garcia, Tracy Cannabis Collective shared the team's community contributions, and asked to allow to continue the conditional use portion of the qualified final applications.

Pamela Epstein, GOE of Tracy stated that community benefit plan should be moved to the Conditional Use Permit Plan, the process is inequitable, and should have 10 licenses.

Alex Monceaux asked from 41 applicants why were there no manufacturing and distribution licenses included.

Joseph Devlin, Altamont Wellness shared past experience, the importance of integrating operators into the community, the importance of the operator, and requested that licenses be issued to 10 organizations.

Michaela Toscas asked why local organizations were not approved, requested the City hold a public hearing permit process, change the future license process to allow for transparency and integrity, and asked that all non-competitive licenses that were submitted be permitted.

Spencer Sitnik, Sitnik-Russel Holding Company shared cannabis business experience and stated qualified applicants may have been disqualified too early in the process.

Michele Trew, Tracy Cannabis Collective spoke about cannabis business experience and community involvement, shared frustrations with community benefit scores considering history of community involvement, and requested the Council move forward with 10 applicants in the CUP process.

Mike Warda asked that the point system be looked at closely, especially when looking at finances, create an objective standard. Potential operators should be able to provide proof of what they are paying in other cities as part of their community benefits.

Tony Fernandez, Manzanita Group, thanked Council for considering the option 10 applicants to move forward in the process, and voiced concerns over the community benefit scoring system.

Ron Roberts, Consultant stated community benefit is ambiguous and varies from city to city, and applications should be viewed on an objective process that relies on tax receipts.

Dale Schafer, Cannabis Attorney stated he had a client that was on three applications and scored differently on each application, and suggested allowing conditional use permits and let the market fix this. Let people compete like every other business.

Kimberly Cargile, Tracy Cannabis Collective requested an amendment to the ordinance to allow 10 licenses, scoring has problems when it comes to community benefit portion of application. Shared frustration in regards with community benefit plan and scoring process.

Ariana Van Alstine, Tracy Cannabis Collective urged Council to draft a resolution to increase the number of cannabis licenses to 10, shared their members level of community involvement, and stated Option 1 is the only option that would accomplish the goal of this meeting.

Dennis Chan, Tracy Cannabis Collective requested the 10 finalists move on in the licensing process.

Aziz B thanked City staff for their efforts, stated that the City can sustain more than 4 retailers given the population, and shared that cannabis funds can help fund public needs.

Mike Souza spoke about the importance of the quality of the operator, and shared that licensing permits should be opened up to all 10 finalists.

Bob Tanner stated community benefit should be reviewed and adjusted. If application is denied, some of the application review funds should be returned, 70%, and requested that Council review the benefits package and the financial information. Mr. Tanner added he would not like to see a multitude of cannabis dispensaries in Tracy.

Dottie Nygard, Megan's Organic Market stated she understands the difficulty of the City's position, looking to change the stigma and bring education regarding cannabis, and it is vital to have a production/distribution center not just dispensaries.

Alice English echoed Bob Tanner's sentiments, organizations should be refunded at least 50% of the application fee if they were denied a permit, and shared concerns regarding Police Officer shortage and the safety concerns. Ms. English disagreed with 10 dispensaries.

City Council questions and comments followed.

Mayor Young requested support to look at applications that were not stacked including retail in it to be able to have a process even if we relooked at it, where they would not have to repay again to be able to continue with that because it is unfair. Council Member Davis and Mayor Pro Tem Vargas supported the request.

Council discussion and questions continued.

Council Member Arriola suggested in the making of the motion it can be selectively for 10 competitive applicants and return to re-evaluate the process for non-competitive types of businesses and for those beyond the limit of per 10,000 population. For this particular process, new census numbers were approximately 98,000 for our populace, and asked if Council is going to say we are at 100,000. Mayor Pro Tem Vargas and Council Member Davis supported the suggestion.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Davis to approve the City cannabis permit application with the 10 competitive applications to move forward, to allow 1 permit per 10,000 per census, allowing 4 approved cannabis applications to move forward to the CUP with no additional criteria to be added and any new pools of application to come back for re-evaluation and reconsideration including CUP to be part of the public benefit discussion.

Council Member Bedolla asked Mayor Pro Tem Vargas if that included taking a look at the future processes for competitive and non-competitive. Mayor Pro Tem Vargas confirmed that was correct.

Mayor Young wanted to make sure it includes that the partial refund option to come back. Mayor Pro Tem Vargas agreed.

Council Member Arriola made a friendly amendment for consideration to also include future policy changes to consider not only local labor standards but also benefit and wage standards. Mayor Pro Tem Vargas agreed to the amendment.

Mayor Pro Tem Vargas confirmed it is for future pools and not for the current 10.

Council Member Bedolla wanted to go on record, not in favor of permanent cap of 4, the first 4 should set up shop and make changes as needed.

Roll call found all in favor; passed and so ordered.

Council comments continued.

Bob Adams, Interim City Manager requested staff provide an idea of when it would be likely the next steps will come back.

Mr. Dean responded staff will bring back the ordinance in October. Regarding the criteria and guidelines, he does not have a firm date as is a sizeable change. Staff will work on CUP's that are filed, up to 10 of them after the ordinance. Criteria change and guidelines are going to take time to evaluate and it stands to reason to bring the other things Council has asked for also and therefore it will take a long time.

Staff to bring back an update at the September 21, 2021 Council meeting on how it is progressing, next steps and what we are looking at going forward.

Council directed staff to bring back potential remedies for mistakes like what occurred with Embarc to be a part of the agenda update.

5. COUNCIL ITEMS AND COMMENTS – None

6. ADJOURNMENT – Time: 8:04 p.m.

ACTION: Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Arriola to adjourn. Roll call found all in favor; passed and so ordered.

The agenda was posted at City Hall on September 2, 2021. The above are action minutes.

ATTEST:

Mayor

City Clerk