

**Minutes
City Council Meeting
April 26, 2016**

1. CALL TO ORDER:

Meeting was called to order at 6:00 PM by Mayor Rob Cullen.

2. FLAG SALUTE:

The flag salute was led by Mayor Cullen.

3. ROLL CALL:

City Manager Adams conducted roll call.

City Council: Council Members Acosta, LeBarre, Hendrickson, Mayor Pro Tem Jernigan, and Mayor Cullen

City Staff: City Manager Steven Adams, Assistant City Attorney David Hale

RJ Rivera announced that there are translating services available.

4. CLOSED SESSION ANNOUNCEMENTS:

The item on the agenda will be moved to the May 10th meeting.

5. PRESENTATIONS:

Sharlene Hughes from the Recreation Commission presented a banner that will be seen in a lot of places in town promoting the Funds for Forden. \$16,100 has been raised so far. They are selling pickets for the fence to go around the park with names on them. 117 pickets have been sold so far with 33 pledged. The account has \$25,000 in impact fees from the City. They are having a drive-thru hamburger BBQ tomorrow night. They will have the banner up at the Fair.

6. PUBLIC COMMUNICATIONS:

Carlos De Leon attended the meeting last night for the districting maps and he feels that draft D3 is very similar to draft C that the Council is going with and he would like to see Council consider draft D3 as it seems cleaner without the little jog that comes down from section 1 into section 3.

7. COUNCIL COMMUNICATIONS:

Council Member Acosta stated that she had a meeting with Chief Adele Frese and they met with a group of women who are primarily Spanish speaking Grupo Amiga Campacina they work with victims and are learning to write restraining orders they provide a lot of services. There is no funding, but they are here to stay, dealing with victims of sexual assault. She would like them to come do a small presentation. They did a project with handkerchiefs with pictures on by children that are victims of violence all from South County.

Council Member LeBarre announced that there will be free bike safety training at the King City High School on Sunday May 8th from 9a.m.-1p.m. sponsored by TAMC. He also stated that the King City High School is going to get local control back this summer. Dr. Moirao will stay on an additional year as Superintendent.

Tutoring will be offered an hour before school and 3 hours after school. Fair dinner was great. He met with the principal of the Charter Art Magnet school who has set up a program for parents to learn how to use the computer to access their child's records and then help their children with their homework. Parents can come in from 9:30-4:30 daily. TAMC meeting tomorrow.

Mayor Pro Tem Jernigan was happy to report that there were about 100 people out at the Pinnacles to help celebrate the 100th birthday. About 1/3 of the people were from King City, 1/3 from surrounding gateway communities with the cooperation of the King City Chamber of Commerce and San Benito Chamber of Commerce and 1/3 were employees and visitors to the Pinnacles. She encouraged all to visit. Mayor Pro Tem Jernigan visited the Phoenix Academy which is a portion of Chalone Peaks middle school that services students that are struggling in one way or another. She talked to them about what they like in King City and what they don't like in King City. She challenged them to get involved in government and if they saw things that need change that they could send a letter to the council members or City staff. She encourages Council Members to volunteer their time there. She is concerned after hearing about the grass fire along highway 101 that there is a lot of debris in the creeks and river beds that need to be taken into consideration as far as clean-up. She met with Council Member LeBarre and the City Manager to talk about the plans for the new City sign on the corner of San Antonio and Broadway. Laurie Slaten and Phoebe Cheney is interested in America in Bloom it is a program that looks at your landscaping in your town. There is a meeting tomorrow night at 6:00p.m. to start talking about that. The head of America in Bloom from Arroyo Grande is scheduled to speak at the Chamber/Rotary beatification BBQ.

Mayor Cullen stated that Fort Hunter Liggett is having a luncheon to continue to celebrate the 75th anniversary speaking on the history of Hunter Liggett. He is representing the City at a meeting for the Salinas Valley Fair board meeting. The Fair starts on May 12th. The Board of Supervisors is cutting the funding for the Historic and Cultural Affairs Manager and Museum Assistant from the parks budget. Those roles are important for the students that visit the museum. He sent a letter to the Board of Supervisors. Salinas Valley Mayors and City Managers meeting they discussed the Ag Employee Housing study and funding for it was discussed. Salinas Valley Solid Waste Authority will be taking over the day to day operations of the Jolon Road Transfer station starting September 1st. Reminder he will not be here June 14th.

8. CITY STAFF REPORTS AND COMMENTS:

City Manager Adams reported the budget is being wrapped up and should be ready a week in advance of the workshop which is scheduled for May 16th at 5:00p.m. He attended the Monterey Bay Economic Summit which provided some pretty good projections for the next couple of years. The Chief recruitment in final stages and hope to have an announcement mid-May. The majority of the PG&E LED lights are switched out and second phase will be for extra lights will be put in soon. The current sign at the end of Broadway is scheduled to be removed on Thursday. Emergency Disaster Preparedness Plan is being finalized, reaching out to other stake holders, hospital, schools and Cal Water.

Octavio Hurtado, City Engineer updated the Mayor and City Council on Salinas River project. County submitted their permits last fall and expect them to receive them this summer. The permit includes sediment in the San Lorenzo Creek. The permit is a joint event between all the land owners. San Lorenzo Creek is a special relationship with the county. Council Member Hendrickson wanted to know if any cleaning would be done. City Engineer stated that along the Salinas River yes. San Lorenzo creek sediment cannot be removed it can only be moved up stream. The City has no money to do any clean up at this time. Mayor Pro Tem Jernigan feels that the City should send out a letter to the Army Corps of Engineers and the farmers with heavy equipment so they are aware we are in need of equipment to help clear the river and creek beds.

City Attorney David Hale had no updates.

9. CONSENT AGENDA

- A. Meeting Minutes of March 22, 2016 Council Meeting
- B. Meeting Minutes of April 12, 2016 Council Meeting
- C. Meeting Minutes of April 16, 2016 Special Council Meeting
- D. Consideration: City Check Register – March 2016
- E. Consideration: Successor Agency Check Register – March 2016
- F. Consideration: Public Financing Authority Check Register – March 2016
- G. City Monthly Treasurer’s Report- March 2016
- H. Successor Agency Monthly Treasurer’s Report- March 2016
- I. Public Financing Authority Monthly Treasurer’s Report- March 2016
- J. Consideration: Resolutions Re-Establishing Staggered Terms for the Planning Commission and Recreation Commission
- K. Consideration: Successor Agency Resolution Authorizing the City Manager/Executive Director Steven Adams to Execute Certificates of Disposition and of Acceptance for Deeds and Other Conveyances.
- L. Consideration: Sale of City Parcel Number 026-351-036-000
- M. Consideration: Labor Agreement with the King City Police Officers Association
- N. Consideration: Resolution Authorizing Examination of Sales, Use and Transactions Tax Record

Mayor Pro Tem Jernigan pulled Item D, E and F.

Action: Motion to approve item A,B, C, G, H, I, J, K, L, M,N by LeBarre and seconded by Hendrickson

Mayor Pro Tem Jernigan would like to see the letter from Cassie Russo and the comments from the City survey. She went to look at the vacant land that is being offered for sale and she feels comfortable now with that location. On the Resolution on Examination of Sales, Use and Transactions Tax Record she would like to see the City collect all of the sales tax that the City is entitled to and she doesn’t feel that it is being done currently.

AYES: Council Members: Mayor Cullen, Mayor Pro Tem Jernigan, Acosta, LeBarre and Hendrickson

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

Mayor Pro Tem Jernigan commented on Items D,E and F, City Check Registers , she is concerned about the amount of money being spent and she has requested to look at any amounts that are over \$20,000. She feels as a Council that they are responsible for being transparent so she is not voting in favor of those.

Action: Motion to approve item D,E, and F by LeBarre and seconded by Hendrickson

AYES: Council Members: Mayor Cullen, Acosta, LeBarre and Hendrickson

NOES: Council Members: Mayor Pro Tem Jernigan

ABSENT: Council Members:

ABSTAIN: Council Members:

10. PUBLIC HEARINGS:

10a.Consideration: Ordinance Establishing a Program to Require Deconstruction, Demolition and Construction Material Recovery and Diversion from Landfills

Recommendation: conduct a public hearing and introduce the first reading of an Ordinance establishing a program to require deconstruction, demolition and construction material recovery and diversion from landfills and schedule second reading and adoption for the next regularly scheduled meeting.

City Manager Adams introduced this item.

Patrick Mathews General Manager of Salinas Valley Solid Waste Authority stated that this a critical component of the new state mandates. The state has requested through their agency that all there members craft an ordinance. It will be administered by the Building Official and the Solid Waste Authority will be the recording agency.

Mayor Cullen opened the public hearing for testimony, seeing no one come forward he closed the public hearing.

Council Member LeBarre is concerned about being fined for \$10,000 as day. Mr. Mathews stated that the state is going to see that the City has a program in place and making a good faith effort to implement the program.

Mayor Pro Tem Jernigan is concerned about the rules the City makes being business friendly and she wondered what all the contactors in our town would think. She also is concerned about the work load for the Building Official.

Paul Hodges the Chief Building Official stated that the contractors in town are in compliance already and that the Building Department could use more staff to do some of the paper work that takes up the time that he could be doing inspections. He stated that large projects like Nino would be the ones that would be effected.

Mayor Pro Tem Jernigan is concerned about the fee that will be charged to the customer.

City Manager Adams stated that we would incorporate it in to the fee schedule that would be brought before the council next month.

Mayor Pro Tem Jernigan would like to hear from the business' if they feel that this is fair.

Council Member Acosta clarified that this is a mandate by the state.

City Manager Adams stated that regionally we are complying with our goals individually we are not where we need to be and this is the most logical option to get us where we need to be to be a good partner with in the region.

Paul Hodges, Chief Building Official stated that the large contractors know about this program because of the green program and other jurisdictions.

Mayor Pro Tem Jernigan wanted to know if the Building Official feels that contractors know. Mr. Hodges stated that since it pertains to the larger contractors that they know. He stated it has been in the books for a long time. Mayor Pro Tem Jernigan commented that now they would get a fee. Mr. Hodges stated that the City Council can make the fee whatever they would like.

Mayor Cullen ask for a motion.

Action: Motion by Acosta to introduce the first reading of an Ordinance establishing a program to require deconstruction, demolition and construction material recovery and diversion from landfills and schedule second reading and adoption for the next regularly scheduled meeting, seconded by LeBarre

AYES: Council Members: Mayor Cullen, Acosta, LeBarre, and Hendrickson

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members: Mayor Pro Tem Jernigan

11. REGULAR BUSINESS:

11a. Consideration: Presentation of Regional Intersection Control Evaluation of Broadway Street at San Antonio Drive/Us 101 Northbound Ramp Terminals

Recommendation: direct staff to submit a FY16-17 AB2766 grant application through the Monterey Bay Air Resources District to fund preparation of a Project Study Report – Project Development Support (PSR/PDS) project initiation document.

City Engineer Octavio Hurtado introduced this item and the consultant from TAMC Sean Houck.

Sean Houck, P.E. Project Manager, did a presentation of the study that was done for the intersection of Broadway Street/San Antonio Drive/US101 Ramp Intersection. AB2766 Grant Program is the grant that would be applied for and this intersection meets the requirements. The application is due June 24, 2016. This project would take about 6 years to complete.

Next steps would be to start project development in partnership with Caltrans, Identify Sources of Funding (TAMC, Monterey Bay Air Resources District), Preliminary Engineering and Environmental Clearance.

Mike Zeller Principal Transportation Planner, TAMC, stated that from TAMC's perspective this intersection is a perfect candidate for a roundabout.

Council Discussion:

Mayor Cullen strongly supports this project.

Council Member LeBarre stated that a roundabout looks like a good project for us. He wanted to know where Gonzales is compared to King City as far as a timeline.

Mike Zeller stated that they are in the similar place as King City.

Mayor Pro Tem Jernigan stated from a safety point of view she feels the roundabout is a good idea. She wanted to know if the City would need to purchase more land. City Engineer stated the City no land would need to be purchased. She would like to know what the land owners around there think. She likes that there is no or low use of electricity. She is skeptical with how long it is going to take. She asked if the City has spent money on the City Engineer already. She asked if money was going to be spent on the City Engineer to put in the grant application. He said \$2500.00. He went over the time-line and when the sources of money would be available.

City Manager Adams stated that these projects take a long time and it is good to get started early also stating that the funding would be from grants and that local shares would come from Development Impact Fees. City Manager Adams expressed that as the City develops this intersection is going to become a bigger problem so having a solution that is supported by TAMC and Cal Trans in place is a huge step ahead in terms of moving forward.

Mayor Cullen clarified that what was before us tonight is whether or not to move ahead with the submittal of AB2766 grant application at an estimated cost of \$2500.00.

Council Member Acosta wanted to clarify what was before the Council tonight which the Mayor just did and that she doesn't care for roundabouts however the staff report was good in answering so many questions and there is a great need.

Public Comments:

Sharlene Hughes remembered when this was talked about 20 years ago. She feels that this intersection is the perfect space for a roundabout.

John Baucke, Smith-Monterey the Downtown Addition did a traffic analysis and this intersection was conducive to a roundabout. He commended the City Manager for getting this project started.

Mayor Cullen called for a Motion.

Action: Motion by LeBarre to direct staff to submit a FY16-17 AB2766 grant application through the Monterey Bay Air Resources District to fund preparation of a Project Study Report – Project Development Support (PSR/PDS) project initiation document., seconded by Hendrickson

AYES: Council Members: Mayor Cullen, Mayor Pro Tem Jernigan, Acosta, LeBarre, and Hendrickson

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

11b. Consideration: Alternatives and Issues Related to the Proposed Medical Marijuana Tax Measure

Recommendation: provide direction on features of the proposed medical marijuana tax measure.

City Manager Adams introduced this item. The purpose tonight is to start a discussion and to get some preliminary direction from City Council on how to basically to structure the tax. City Manager Adams introduced David McPherson with HDL.

Mr. McPherson gave a presentation on Things to Consider in Developing Tax, Other Ballot Initiatives Statewide Cultivation, Tax Rates by Percentage Non-Cultivation Other Agencies, Tax Rates by Square Foot Cultivation Other Agencies, Gross Receipts Tax Options, Square Footage Tax Options, Square Footage Business Tax Scenario (66,000 Sq. ft.), Next Steps: Create a resolution authorizing the City to establish a Medical Marijuana Business Tax, Develop a Business Tax Ordinance establishing the tax and requirements.

Council Discussion:

Mayor Cullen wanted to go over the gross receipts vs. square feet. He wanted to know Mr. McPherson's professional recommendation and then stated that whatever the City comes up with needs to be simple. The Mayor stated it seems that square feet is simpler because it is less subjective. Mr. McPherson stated for cultivation square feet is the way to go. He feels manufacturing should be based on gross receipt. Mayor Cullen stated he is thinking 50 years down the road which he feels there should be some adjustment over time. Mr. McPherson stated that if you did a CPI over time it could get inflated out.

Mayor Pro Tem Jernigan is interested in hearing from the people who this would affect. She feels it is anti-business to keep taxing people over and over again. She clarified about sales tax and the consultant stated it does not involve sales tax.

Council Member LaBarre wanted clarification on the canopy and square footage not applying to the entire size of the building. Mr. McPherson stated that ordinance could make the specification or it could be an administrative ruling what would clarify what would define the taxing component. He deferred to the City Attorney for recommendation. Assistant City Attorney David Hale stated that canopy definition can mean the size of the plant or it can be mean the roof of the building. The state has not determine how they will determine this statute. The City will define this in the ordinance.

Assistant City Attorney David Hale also stated that under proposition 218 and 26, the City has to define a methodology in the ordinance that you do not change to preclude the City from going back to the public for another vote, to have flexibility it must be contained in the ballot measure and ordinance. Once the decision is made and it is voted on then the City is stuck with that unless the City goes back to the voters for a change.

Council Member Acosta is happy that this is going on to the ballot. She clarified the purpose for this is to deal with the tax that will be accumulated by the City. Mr. McPherson stated yes; however, the wording needs to be for medical and non-medical as permitted by state and local law so when the time comes to deal with recreational that it does not have to go back for a vote.

Mayor Cullen clarified with Assistant City Attorney David Hale that the City had to put this on the ballot as it deals with tax. Attorney David Hale stated that whether it is a special tax or general tax it has to go out for voter approval. Mayor Cullen clarified that this vote needs a 2/3 majority. Attorney Hale stated it depends on what you do with it, adopting a tax that goes into the general fund it would be a general majority vote. If it is earmarked for a specific purpose, then it requires 2/3 majority.

Council Member Acosta wanted to clarify that the City is giving guidelines what goes to the ballot.

Assistant City Attorney David Hale stated the purpose tonight is to give Mr. McPherson the ability to draft an ordinance on how City Council wants to levy this tax.

Mayor Pro Tem Jernigan asked Mr. McPherson what the vote was during his experience. Mr. McPherson stated that 84% approved it. She wanted to know if there was someone who promoted it. He said no. She wants the wording simple enough so the people understand how it is being taxed. Mr. McPherson stated that the initial tax is so much per square foot not to exceed a certain amount per square foot. Mayor Pro Tem Jernigan wanted to know if the tax is once a year. Mr. McPherson stated yes. He went on to say on the administrative end it could be worded so that it could come in monthly instead one lump sum a year. She wanted to know if that is some direction that the City Council would give now. City Manager stated he would need to talk to the Finance Director, but he believed their recommendation would be quarterly.

Council Member LeBarre stated his preference is to set something in place that the businesses can count on and not have an increasing amount. He would prefer an amount on the lower side. He wants it structured properly to grow something long term to keep the businesses here.

Mayor Cullen asked if the not to exceed is created by resolution. Mr. McPherson stated yes that can be changed by resolution.

City Manager Adams stated that staff's recommendation from and budget standpoint would be that there be some way for the revenue to grow overtime by some amount on an annual basis.

Council Member LeBarre asked if a delay in the increase of 3-5 years be something that staff could work with.

Public Comments:

Brandon Gesicki, grower stated that with having a large capital investment and wanting to compensate their staff well and wanting to be in this business for a long time they are comfortable with 22,000 square feet of grow space be taxed. That only the grow space be taxed whatever size that is. On manufacturing there is not a lot of good data on manufacturing, maybe be a limit on licenses and for a few years pay a fee on the license and look at increasing it down the road. Transportation and distribution license will be important and for the City to issue those. They would like the transporter be a local King City entity so they don't have to go out of town for that. Square footage tax would be the preferred way and quarterly would be good. They feel they have been treated well and they want to pay their fair share and be a good business partner and they would pay more down the road as it will take a year or 18 months to get everything established. Manufacturing on a license fee basis and subject to review every year.

Ron Glantz would like to thank the Council for even asking their opinion. Since there is no data on manufacturing it is difficult to do square footage and a one-time fee makes more sense. Square footage on the cultivation if done on a canopy basis depending on how many licenses are issued and down the line the state only issues a certain amount of licenses and then they are not able to get a license for the square footage that is not going to work either. Keeping the taxes in the City and that is where the distribution and transportation licenses come into play and is a move as they need to have something that says they can distribute throughout the state. Thanked the Council for allowing them to throw out ideas. Look forward to working with the City.

Rob Barouk partner stated the purpose of bringing all of this in front of the City Council is for some certainty as they are running a business and they need to have a plan in place to know how much they are going to grow and initially know what the price will be and what they will get for it. They need to know the tax structure. The fairer for them the more money the City makes.

John Baucke commented on equity between business and the issue on stacking and there shouldn't be any inequity between what they are paying per plant or per square footage.

City Manager stated that at this time staff's recommendation is to prohibit stacking initially due to the concern with environmental review in terms of water concerns as the number of licenses are going to exceed more than was initially thought. It would simplify things and let applicant move forward faster with prohibiting stacking at this time.

Mayor Cullen got a consensus from Council on no stacking at this time.

City Manager clarified that it will be back in June not May.

Mayor Cullen stated on the cultivation it seems that the City is leaning towards square foot on canopy space.

Assistant City Attorney David Hale interjected that if you charge a fee instead of a tax those are two different animals from a financing point of view. A tax you can pick and choose depending on market availability what you want that tax to be. In the context of the fee it has to be equivalent to the cost related to the purpose for which you charge that fee. City Manager feels that the City is talking about a lump sum tax.

Mayor Cullen stated that City Council is leaning towards cultivation by square footage on "canopy".

Assistant City Attorney David Hale stated that there is a definition for canopy for the regulatory and the tax purposes.

Mayor Cullen wants it to be simple and predictable for the business' in layman's terms.

Council Member LeBarre would like to leave out the word canopy to keep the confusion out. He wants to tax on the square feet.

Brandon Gesicki stated that the flowering stage is the only part they should be taxed on not on the babies. Mr. McPherson stated that they don't want to be taxed on dead space.

City Manager Adams needed some clarification about the nursery and if the canopy includes the babies. The state has no restrictions on the size of the nursery and it makes it difficult on the analysis water impact. He was under the impression that the babies would be included in the 22,000 square feet.

City Council Acosta stated that the City wanted to move forward before the state made a decision and we don't know what to do. She feels that the nursery would still need to pay their rent.

City Council LeBarre feels we are over thinking this. Nurseries are a whole other entity. He is frustrated about the water, as hydroponics is 10% of whatever is done outside. The fact is that they can only grow 22,000 square feet of mature plants. He wants to build a long term relationship that provides a continual revenue for the City. Everything that he has read water usage is minimal. Stick to a simple tax.

Mayor Cullen asked if the applicant is comfortable with a tax based on the permit level, applicant is good with it, staff is good with it. City Attorney is asking Mr. McPherson what other Cities are doing. Assistant City Attorney stated that he is good with square feet.

Mayor Pro Tem Jernigan wants something that it should be simple, business friendly, easy to enforce and predictable for the applicant. She doesn't like the word canopy.

Consensus on square footage.

Mayor Cullen is looking for help on dollar amount.

City Manager Adams stated no CPI increases for the first 3 years and after that the City Council would have the ability to apply an increase up to the maximum of the CPI. All of Council except Mayor Pro Tem Jernigan were in consensus at this point. Mayor Pro Tem Jernigan wants to know what the applicants think first. Applicants feel this is fair. Mayor Cullen gave direction to Mr. McPherson to structure the ordinance to include in the wordage of what City Manager Adams stated.

Mr. McPherson gave a number of 2.5 % as a starting point. Mayor Cullen asked the applicants if that is a fair number. Brandon Gesicki stated they were thinking more along the line of \$25.00 for the first 3000 square feet and \$5.00 for every foot after, looking at it again in 3 years.

Mayor Cullen is not in favor of the two numbers starting at one square footage and dropping down. Mayor Pro Tem Jernigan would like a flat rate. Council Member LeBarre stated that he was originally in favor of a flat rate per square foot. He feels it is the simplest however he feels the tier may benefit the City more when dealing with a small square foot building.

Mayor Cullen would like to write the ballot measure using the wordage "up to a \$15.00 per square foot". He likes up to \$15.00 per square feet, no increases for 3 years, increases years after up to CPI via council resolution. The applicant thinks the dollar amount is an odd number. Mayor Cullen is trying to give

flexibility on both sides so that a future Council would not have to go back for another ballot measure. He wants to protect the City by giving a mechanism to increase it and some level of certainty for the business.

Council Member Acosta doesn't want to start a practice of industry coming to negotiate their price with the City.

Council Member LeBarre suggested \$50,000 plus \$5.00 per square feet for the permit with a cost of living increase after 3-5 years by council with a limit of 10 or 15 over time. Mayor Cullen stated that that is based on every applicant doing 22,000 square feet. Council Member LeBarre stated that is why he likes the tier better.

City Manager Adams ask the consultant when the other valley cities will know a number they will be working with. Mr. McPherson stated the \$15.00 is on the low end.

Council Member LeBarre would like to see the \$25.00 tier.

Mayor Cullen wants to focus on the structure and worry about the dollar amount at the first reading.

Mr. McPherson stated that the state is doing 5000 square feet. Mayor Cullen would like to know the Councils thoughts on the tiered structure with a base of first 5000 square feet.

Council Member Acosta is not comfortable with industry negotiating on how their business will go. She doesn't want it to be at the City's expense.

Council Member LeBarre likes the tier structure based on first 5000 square feet at one-dollar amount and a lower dollar amount on other square feet.

Council Member Hendrickson is comfortable with that.

Mayor Pro Tem Jernigan doesn't like the tier structure she likes flat rate. Attracting larger vs. small she is against that as she is a small business promoter. She is for win-win. She agrees with Mayor Cullen to figure out the number and make it simple. She wants to ask less to entice people to come into our town.

Council Member Acosta stated that this concept was negotiated based on allowing marijuana cultivation because it was bringing in job and tax revenue and now we are going to limit our ability to grow from those things because this is a new industry that may or may not make it which she feels is not part of the Councils job to determine.

Mayor Cullen stated that the ballot measure for cultivation be permitted by square feet based on the state permit, that we set a dollar amount for the first \$5000 square feet and a lower amount thereafter, there is no increase for the first 3 years and then the ability for Council to increase up CPI thereafter, be collected quarterly. He would like staff to draft it this way for tonight. Coming back for a dollar amount.

The applicant is fine with the concept but disagrees with what Mr. McPherson on the number he throughout. The other cities number is not going to be as high. Everyone is watching what others are doing to undercut. They want to get the best and fairest deal. They want to do transportation and distribution licenses.

Mayor Cullen would like to move on to manufacturing discussing it as an annual lump sum tax.

Mr. McPherson suggested an amount plus CPI so it would be a flat rate plus CPI. He stated that 30% is manufacturing. Mayor Cullen is concerned with taxing manufacturing too low. He would like to know if the City can limit the amount of licenses they issue. City Attorney stated the City could but the City would

need to think through how they would limit them. City Manager Adams wanted to know if some of the Cities were contracting with HDL to audit their licenses. Mr. McPherson stated yes.

Mayor Cullen asked what the applicant preferred. Brandon Gesicki stated they preferred per license tax. They think a limit is fine. They want to remain competitive in the amount so they don't have to go elsewhere.

Mayor Cullen likes the concept of per license with CPI with a three year wait with a review every year. Council consensus on this.

Mayor Cullen would like staff to review transportation and distribution and put it on as a business item on the next meeting.

11c. Consideration: Letter to the California Public Utilities Commission Requesting a Denial or Delay of California Water Service Company Rate and Consolidation Request

Recommendation: approve, and authorize the Mayor to sign, a letter to the California Public Utilities Commission (PUC) requesting them to deny or delay the request from California Water Service Company (Cal Water) for consolidation of water districts involving King City and a water rate increase.

City Manager Adams introduced this item.

Council Member LeBarre stated that this is providing another voice for our community to let the CPUC an idea of our issues in our City.

Justin Scar with Cal Water stated that the majority of the increase is related to infrastructure in King City no rate increases no replacement on infrastructure in King City. They need to increase the customer base so it consolidated with Salinas.

Council Member LeBarre feels this is a wrong time for a rate increase.

Mr. Scar suggested that the letter be constructed differently. Council Member LeBarre is agreeable.

Mayor Cullen would like to approve the letter with changes and authorize Council Member LeBarre make the changes working with Cal Water.

Council Discussion:

Mayor Pro Tem Jernigan understands that Council Member LeBarre is passionate about this which she appreciates; however, she knows that he has brought up the use of public owned water and she is not in favor of that, the treating of and transporting is so complicated and the City should not be doing that. She likes the first paragraph, but she doesn't understand regulatory burdens she doesn't understand, to say the Council agrees and supports the March findings she hasn't read so she can not endorse that, regional cost sharing she doesn't want to take a stand on one way or another. She does not want the letter to say the Council agrees because they don't.

Mayor Cullen called for a Motion.

Action: Motion by Acosta to authorize Council Member LeBarre to work with Cal Water to draft a letter for staff review to the California Public Utilities Commission (PUC) requesting them to deny or delay the request from California Water Service Company (Cal Water) for consolidation of water districts involving King City and a water rate increase to authorize the Mayor to sign, seconded by LeBarre

AYES: Council Members: Mayor Cullen, Acosta, LeBarre,

NOES: Council Members: Mayor Pro Tem Jernigan

ABSENT: Council Members:
ABSTAIN: Council Members: Hendrickson

ADJOURNMENT:

There being no further business to come before the City Council, Mayor Cullen adjourned the meeting at 9:59 pm.

Approved Signatures:



**Mayor, Robert Cullen
City of King**



**City Clerk, Steven Adams
City of King**