

**CITY OF ARCATA
ECONOMIC DEVELOPMENT COMMITTEE
MINUTES**

**City of Arcata Community Development Conference Area
736 F Street, Arcata (City Hall)**

**January 15, 2015
Thursday at 5:00**

- I. The meeting was called to order at 5:07.

ROLL CALL: Present: Brett Watson (Chair), Fawn Scheer (Vice-Chair), Jane Woodward, Maureen Hart, Darrell Burlison, Craig Wruck

Staff Present: Susan Diehl McCarthy

Others Present: Sandy Scott (Arcata Chamber of Commerce), and

Members of the Public: André Carey
Carla Kendrick
Sequoyah Hudson
Tabitha Soden
Erik Lashbrook
Jonathan Gilbert
Victoria England
Luke Bruner
Isaiah O'Donnell
Richard Marks

- II. **APPROVAL OF MINUTES.** Minutes of December 4, 2014 were adopted by unanimous vote on motion by Scheer and second by Woodward with correction of City Council meeting date from 01-15-05 to 01-07-15.
- III. **ORAL COMMUNICATIONS:** There were no oral communications. Chair Watson confirmed that those present were there to speak on agenda business items. It was noted that any action items arising from public discussion would be placed on a future agenda. Most of the public present provided their names (see above).
- IV. **PRESENTATION:** Sandy Scott, Executive Director, Arcata Chamber of Commerce provided a written report and noted the following items in an oral report:
- Thanks for City support.

- Chamber is a franchisee of CA Welcome Center System (WC) for the entire County. 20 WCs in state; Arcata the only one on Northcoast. WC brings in 15,000 visitors to entire county – TOT income.
- Pays \$5K per year to WC which is largest single cost. Chamber finances are in the black, but costs are high and budget often tight. Will be reviewing the relationship with WC over the next year.
- Board retreat resulted in much planned for next year. (Newsletter signup passed around.)
 - Determined need for more networking – we'll see more of this.
 - Committee launched to ensure finances are sustainable. Noted that City reduced support by 50% so are very glad they continue to operate in black while managing both Chamber and Welcome Center.
 - Second committee to work on serving and retaining members. Last year: 102 new members. (December alone, 6 new members) Want to ensure all members are given attention – not about numbers but support of business community.
- Reviewing Quarterly Report:
 - 19 relocation packages during quarter; most relocation questions are for families. 329 people requested information. Nearly 3,000 requests for info over the year.
 - Annual Dinner on 02-21-15. RSVP soon as it will fill up.
 - Mastermind Group launched – business leaders are paired to support each other. Six to start, led by Steve McKenny with GHD.
 - Plaza Grill has been very generous sponsoring fundraisers nearly \$1k raised – 10% of sales on certain days.
 - Mixers every month – great networking opportunity and fun. Do not have to be a member to attend. Held every first Thursday (noted to conflict with EDC meeting).
 - Ribbon cuttings – McKeever Electric and Energy (Solar) upcoming. Will be inviting EDC to ribbon cuttings from now on.
 - Newsletter and FB are great source of information; input valued.
 - 4th of July Jubilee is the Chamber's gift to community – not a fundraiser. Trying to remedy – getting more sponsorships.
 - Arcata Main Street – working well together. While they look for new ED, they have hired someone to do the Oyster Fest, and the Chamber will begin managing their phone (right now their board pres is managing). Building on mutual respect.
- HC Convention + Visitors Board held a productive mini-retreat. Humboldt Lodging Alliance is spending \$600k to market and bring people to area. Are events needed to bring people here? Sandy thinks so. BUT a survey done in SF said only 20% of people knew Eureka and Arcata. Thus the marketing.

- Woodward asked how the Chamber report relates to City contract. Sandy believes the report does parallel the contract (she set it up that way when she began working there) but will double check.
- Woodward asked if goals are unrealistic with City cutbacks. Sandy doesn't think so.
- Survey Monkey is available to the City to use – Chamber members are surveyed.
 - Transient situation survey recently returned 40%. Benefit of surveys: Result was a committee seeking solutions to the problems. Meetings held at Chamber, but not part of. Tom Chapman is chair.
- Corner Intentions has been started by Susan Ornelas. Held at 9th and H Streets on Mondays at 9:05 for 15 minutes. Gather to be silent with intentions for what each individual wants for Arcata.
- Woodward noted that Ornelas is interested in the economic impact of events in Arcata, and of night life in Arcata. Perhaps Survey Monkey would be helpful.
- Scheer noted that the Chamber's presence has been boosted since Sandy has been it; she has a positive impact.

V. **BUSINESS ITEMS:**

A. *Study Session with City Council – February 26, 2015 at 6:00.* Susan will find out about time frames and process to ensure Committee can prepare at next meeting.

B. *Discuss Bulk Overnight Shipping (for Wing and Other Businesses).* Clarified the need is for overnight shipping for >350 lbs (for companies as Wing, breweries, Kokotat, Fire & Light).

Watson noted that Jacqueline Debets has put together HSU interns to explore how to obtain. Debets thinks that by 2016-17 Highway 299 will be passable by larger trucks.

Burlison asked if the problem is the roads. It seems the problem is both volume and chokepoints. Flights have weight restrictions.

No members have broached the subject with the Chamber as a problem. Hart noted that Fox Farm bought their own truck to eliminate problem. An interim solution may be for businesses to pool resources and shipments.

It was decided to place the item on the next agenda to determine what the EDC role will be.

C. *Update on Marijuana Legislation and Related Issues.* It was noted that business item C stems from last meeting. Public discussion.

Luke Bruner. Representative from California Cannabis Voice Humboldt (CCVH).

Businessman and advocate. Works with Wonderland Nursery in Garberville and previously with HPRC giving unique view.

Suggested using term cannabis instead of marijuana, “a racist stereotype.”

General concepts:

- Humboldt County has artisanal and boutique growers; like craft brewers.
- Will see explosion of edibles market – now 45% of Colorado sales. Need space for edibles production. Can see Arcata as the hub. “Bud and Breakfast,” cannabis sustainably and ecologically produced.
- Humboldt cannabis community consists of team players.
Burlison asked if focus is on medicinal or hoping cannabis becomes generally legal? Bruner said focus is to protect medical rights; to work with medical community to provide safe place for medicinal users (combined with Western medicine.) Focus also on protection of general consumers. Believes full legalization will happen in 2016. Either we lead the way in regards to legislation or someone else will.
- Burlison noted concern about competing legislation/propositions causing conflict and confusion. Is there a way to filter? Bruner said CCVH is focused locally only. The challenge is that larger organizations plan to “shut down the Emerald Triangle” with a business plan to take over Humboldt business. Local organization may help in cutting off multiple ballot initiatives and resulting chaos. Arcata has history of radicalism; people look to Arcata for leadership. City could show the rest of the state what to do. LA large scale dispensaries have different viewpoints than craft and artisanal growers.
- Woodward asked current status of proposals and how the group is coordinating. Bruner said CCVH is working on county level drafting an ordinance for regulation of grows over 5 acres in county. Noted there are about 10,000 unregulated farms.
- Burlison noted that the EDC is an advisory group to the City Council. Forwarding draft legislation to the EDC would help the Committee help the Council. Staff reminded the public that the focus of committee is in economic development – other committees may look at other legalization impacts; the EDC focus is regulatory schemes related to economic development.
- Woodward noted that at the last council meeting the EDC was requested to look at the economic challenges of the marijuana industry. The EDC is just starting and needs to be informed, citing the number of Arcata businesses impacted and influenced by the industry.

Jonathan Gilbert stated that he is a grower and wants to stay in Arcata. Stated he uses best management practices to produce medical quality, high grade cannabis. He generates high revenue and confirmed that money has impact on community.

Victoria England stated she is a member of CCVH and Humboldt Made. Economic development is her focus – looking at how CCVH can use Humboldt Made or a Humboldt Made model to be ready to help businesses in the industry.

André Carey noted that without regulation there is no economic development; development of good regulations is critical. Noted there is a draft ordinance with the Institute of

Sustainable Forestry, and will probably have other draft ordinances shortly. Will get point of contact email address and email draft ordinances for EDC review.

Richard Marks, Harbor Commissioner and interim Director for CCVH is involved with drafting the ordinance for Humboldt. On 6th draft – seeking the right fit for farmers in Humboldt – sustainable growing with no water diversion; no trespass growers. Looking for help with ordinance.

Luke Bruner recommended that the Council look at cannabis legalization in broad strokes: Where does cannabis fit with :

- Tourism (cash finances the development of tourism – Humboldt could be the “Napa of Cannabis” drawing people with large disposable income, featuring cannabis, redwoods, ocean, restaurants . . . TOT)
- Production
- By-Products (edibles and oils manufacturers)
- Shipping
- Infrastructure related

Then black market becomes white market. Few in industry have bank accounts related to business, and pay no payroll taxes, no sales tax. This changes with legalization.

Noted that economic numbers for Arcata are basically the same as for American Canyon. Something in Humboldt is generating as much money here as wine tours in Napa.

Richard Marks stated that a study on the Mad River watershed was just completed by the Dept of Fish and Wildlife, comprehensive research and analysis of how many plants are in the watershed. An estimated .5 billion in revenue is estimated. The report due out soon. WET is the acronym for the task force.

Luke Bruner brought up the issue of a “cannabis community.” This includes things like the 420 holiday. Had concern about “armed guards.” Noted that the Emerald Cup in Sonoma County brought 10,000 people to the area in the off-season. Arcata, as the capital of organic consumption in the world, could cultivate this type of activity. Sandy noted this equates to TOT.

CCCV is on Facebook and the web.

Woodward referred to a television program on medical cannabis and oil, and the value of non-GMO high quality oil, and of hemp. She also noted that there is a case pending to reduce cannabis from a level 1 drug. Asked about the CCVH vision and how destructiveness can be avoided.

Burlison noted that legislation will result from their vision. Richard Marks noted that CCVH is loosely affiliated with CA Cannabis. CCVH is focused on protecting small farmer grows – land use and protection of water and other resources. Their plan is to follow initial ordinance with a dispensary ordinance. Key selling factors: Organic; Sun Grown; Salmon Safe – all drive the price up.

Sequoyah Hudson noted intent to ensure that small farmers are protected, starting with medicinal protections, move forward with recreational when legal – the first step is to be poised for change.

Woodward brought up recent Measure P where any jurisdiction that banned the use of GMO prior to the ballot in the last election which made GMO okay could continue to ban them GMO; otherwise the state law supersedes any potential new laws. Luke Bruner: If laws are in place prior to State law changes, precedent is set. That’s why CCHV focus is on land use. Referred to grows being shut down by a “Blackwater-style team” in Mendocino.

Burlison noted that current Arcata ordinances are 215 based. Luke Bruner stated that this is the reason for looking at land use, activity on land.

Luke Bruner estimates that cannabis prices will increase if legalized and gave the following rationale. Arcata has 2 licensed dispensaries. SF has somewhere from 9 – 16. This would be like SF having only 16 liquor stores. In SF they are currently paying \$6,400 per pound. He also noted that dispensaries have an unfair competitive advantage which drives the price down. Small growers should organize like dairy farmers did when large corporations developed an unfair advantage by driving down milk prices through an artificial lack of competition by forming their own co-op creamery.

Luke Bruner went on to say that after legalization dispensaries and others (including edibles manufacturers) would need to obtain their product from licensed growers.

Jonathan Gilbert spoke to economic impact, saying that demand that oustrips what he can produce. He is an Indoor grower with a very clean operation producing high quality medicinal cannabis. A commercially zoned space for his production would be ideal.

André Carey stated that the economic impact is great. Eureka has more cleanup to do than Arcata for tourism.

There was brief conversation about how a new EDC member is needed.

Woodward asked that CCHV give the EDC their vision in writing, stating that we heard they desire reputable, clean, attractive business, and noted that there are several local hospital centers that could benefit if cannabis treatment were acceptable.

Isaiah O’Donnell noted that there are cannabis medial retreats in Colorado and elsewhere. He would take care of sending information to Staff.

Burlison reiterated that the CCHV’s ultimate goal might be that when ordinance is written, the EDC would endorse it to the Council – that would be a best case scenario

The EDC decided to move items ii and iii to the next agenda. Staff will find out if the PC would like to have a joint session with the EDC, and if so, how it would be structured.

- i. Grower Locations with Low Cost Energy (Flakeboard site, for example)
- ii. Clusters of Marijuana-Related Businesses
- iii. Consider Joint Study Session with Planning Commission – New Regulatory Schemes to Match Community Needs

- D. *Humboldt State University and Expansion Plans.* Wruck spoke with President Rassbach and VP Lopes will make a presentation. Staff will invite, coordinating the date with Lopes.
- E. *Resignation of Garry Nelson.* Staff prepared a report for the Council's 01-21 meeting to declare a vacancy and accept applications. The Committee noted that Jonathan Gilbert may be interested and does qualify.
- F. *Changes to Annual Report: Relating Accomplishments to Council Goals – Amended Report Attached (Attachment B). Presentation of Annual Report at 01-15-15 City Council Meeting.* Staff brought changes made – adding Council goals and relating them to EDC activities – to the Committee's attention.

Scheer (who gave the report to the Council) was glad for report and summary prior to Council presentation. Woodward and Staff noted that Scheer did a great job.

Scheer and Woodward gave a summary of Council comments following the report:

- Councilperson Ornelas – Interested in looking at solar at Foodworks to save money.
- Councilperson Wheetly interested in analysis of nightlife but more in creating more nightlife; asked EDC to see what might be done to increase nightlife. Also suggested the EDC keep paying attention to senate bills that impact development funding. It was noted that at least one of the bills requires a Certificate of Completion on Redevelopment funding payback. Staff will keep advised.
- There was general interest in the EDC focusing on cannabis legalization.
- Council members also wanted to see the Valley West survey mentioned in the annual report. Staff is organizing the report for the City Manager and will also provide to someone to get to council.

Woodward provided copies of her notes of the Council responses.

VI. **CORRESPONDENCE / COMMUNICATIONS**

A. ECONOMIC DEVELOPMENT COMMITTEE:

1. Woodward noted that the Planning Commission's annual report stated that planning fees are so high they keep development lower than it could be. Staff noted that an analysis showing Arcata fees are about the same as other jurisdictions is available and that Arcata has kept fees lower than a previously adopted ordinance says they could be. In response to a question about the fees being correlated to the amount of work, Staff stated that a study was done in prior years to establish fees correlated to the cost of the work, but most fees are charged are at a lower level than the ordinance called for.

To be placed on the agenda next month: Permit fees and streamlining the permitting process.

2. Brett wants better communication with Staff as to the agenda.
3. Scheer suggested that if a Committee member is responsible in any way for an agenda item their name should be placed next to the item.
4. Scheer spoke with Jackie with the Creamery District who asked if they could be under a contract with the City as a center for art and as a draw for public, similar to the contracts in place with the Chamber and the Film Commission. Staff will speak with the Director to determine if this is a possibility. Concerns are conflicts with Main Street and the Chamber. It was noted that the Playhouse is designated the City's art center. Roles would need to be clearly defined. If an arrangement is possible, the Creamery would present a proposal.
5. Burlison confirmed that our role with the issue of legalization of cannabis is to review proposals related to economic development and make recommendations.
6. Woodward noted that the public can attend the Council's goal-setting sessions. It is likely that Councilperson Ornelas will propose cannabis legalization as a council goal.

B. STAFF:

- i. *Loan Report and Activity.* One Microenterprise loan made. The process, including application and funding, is now in place. Information is on the City's website.
- ii. Ethics training is required. Staff will resend information regarding the 02-25-15 session from 6 – 8 PM, and who must take the training (as some may have already met the training commitment). The training can be in person or on line, but City staff would appreciate it if the training is taken in person. Scheer previously attended and it was not bad.

VII. ADJOURNMENT

The meeting was adjourned at 6:54 by unanimous vote on a motion by Woodward and second by Burlison.

2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Jane Woodward	X											
Fawn Scheer	X											
Brett Watson	X											
Maureen Hart	X											
Darrell Burlison	X											
Craig Wruck	X											
VACANT												

KEY:

X Present	A Absent	N NA – Not a member this month	C No Meeting	 Special Meeting (not regular attendance)
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Attest: _____
Susan Diehl McCarthy, Committee Liaison