

CITY OF ARCATA
ECONOMIC DEVELOPMENT COMMITTEE DRAFT MINUTES

City of Arcata Council Chambers
736 F Street, Arcata (City Hall)

July 2, 2015
Thursday at 5:00

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

Committee Members Absent: David Rosen

Staff Present: David Loya

Also Present: Brian Wilkommen

- II. ORAL COMMUNICATIONS.** None.

- III. CONSENT CALENDAR.**

- A. Minutes of June 4, 2015.

Motion: Woodward. Second: Scheer. Unanimous approval. (staff noted that approval of minutes is to accept into record; members can vote even if not there)

- IV. PRESENTATIONS.**

- A. **Brian Wilkommen**, Humboldt Patient Resource Center.

Non Profit. Offers: 1 – Medical Cannabis (MC) cultivated on site for patients. 2 – Free wellness service –coupons (like nutrition services, massage, consultations) given gratis to patients. 3 –Compassion programs where harvests are maintained such that community members who can't afford have access. 4 – Local donations for community organizations.

Are “Clean Green”certified by certifier with organic background. annual plant, soil tests required for certification.

Have CUP and business license, and pay State BOE taxes. Employ 18 people with health benefits and vacations.

Work with regulations and are developing protocols and processes to prepare for legalization.

Includes: 1 – high standard of record keeping and reporting. 2 - inventory quality manager (manages lab test protocols, denies or accepts medicine). 3 – Compliance manager (overlooks transactions, ensures compliance with Arcata ordinances, SB420 suggestions, and that info given to patients is correct by meeting with MC doctors). 4 – Attend conferences. 5 – Meto with providers in CO to review management before and after legalization to identify changes and plan for future. 6 – Gardeners attend master garden classes. 7 – Bud tender training classes are given to create a standard in the industry.

Most difficult area is lab testing for mold, mildew, pesticide, residual solvent and potency. There is no local lab so turnaround time is between 3 – 7 days. Patients rely on supply. Would like to see a proper lab locally.

HPRC tracks over 300 products – all but two are locally sourced.

Biggest recent change was moving from chemical fertilizers to organic compost teas brewed on site – reduces concern about chemical discharge.

New tech is a POS system made for MC. Provides real time tracking, has patient info (HIPAA format).

Hold Vendor orientations for providers re: packaging law and requirements, and HPRC's internal requirements. All appliances and façade lights are energy efficient. LED garden lighting is too expensive and risky with allowed grow space.

Rushing to market in CO, WA and OR has caused product to suffer. Working to be organized and prepared in Humboldt.

Other challenges: infrastructure space, and capacity to adapt information to make operation more efficient. More storage needed for curing, amplifying turpene volatiles.

Space issues: 1 – Patient service lobby – insufficient space for patients who are asking questions – don't want them to be rushed; not enough space for more than a few patients. 2 - Garden space for CBD strains. 3 – No space for breeding (stabilizing genetics in strains that customers say work best).

Frustrations: 1 – out of the area vendors from LA, SF, S Diego offer CBD products grown in Mendocino. Collectives ship to distribution centers in So Cal, where it is brought back up north for sale – adds 25% to cost. 2 – Product concerns – patients add flavinoids, turpene which are more recreational and not necessarily good for MC market. Concerned because that is a more recreational trend but presented to a medical market. No real research, including ecig research. 3 –Mold and mildew thresholds not the same between labs. Requires real research, labs to conduct research, international certifications, scientific protocols for testing. 4 – Potency deviation. HPRC pulls if $\geq 10\%$. Have seen up to 70% deviation (significant reduction to medicinal value). 5 – Packaging that is cost effective, child safe and environmentally friendly – safety needs to be standardized.

Odor on site is contained by carbon filters. Difficult to adapt odor controls to existing buildings, instead of engineering from the start. Odor analysis is likely to be part of Planning Commission requirements for MMIA ordinance.

HPRC produces 25% of all bud sales when HSU is in session and 60% when its not. All purchases are from Humboldt growers/manufacturers who are interviewed and given orientation before purchasing anything; inform about Arcata ordinance.

Supply is an issue, especially with specialized products having the most medicinal value. Once something works, people try to buy a bulk amount. Consistent supply and product is key. Biggest increase in sales has been in tinctures, CO₂ extraction, vaporization extraction markets.

Producers they work with seek to be successful in a regulated market. Some providers haven't been able to keep up with HPRC's increasing product standards

CO has seen a 40% decrease in pricing. HPRC's pro forma scenarios are based on a variety of prices. CO has high taxes on recreational cannabis (33%) as opposed to MC which created a small black market. Recreational users with medical cards purchase MC, resulting in less supply for people who actually need it. If RC is approved, HPRC intends to continue with MC model.

Would move operation to MMIA if there were space. Would benefit patients with to build retail space and garden from scratch – could experiment, cure, control odor. Indoor MC is cleaner than outdoor – less mildew, mold.

Ownership of proposed MMIA properties was discussed, along with other property owners offering to be part of the area. Currently no authorization from Council to divest property it owns.

Some vendors are involved in medicine; others are businesspeople. HPRC wants competition and new products. Arcata's limit on chain stores may be pertinent regarding large ventures locating here. Note that CO has residency requirements; OR requires operation of a medical collective for one year before operating a recreational facility. HPRC doesn't want to stifle real business. Important to get Humboldt product to other markets.

What would be an ideal situation?

- Clear cut guidelines so the fear of being shut down can be removed.
- More commodity and medical research.
- Standard operating procedures (which might even be branded).
- Agriculture research to balance nature and industry, and obtain zero footprint indoor.
- Safe production methods, especially extraction.

HPRC is in no way affiliated with HSU but is an approved learning center.

V. UPDATE FROM THE CHAIR.

- Project similar to Flakeboard project in BC – question was whether the City had sufficient infrastructure to handle waste and utilities.
- What should subcommittee do? Develop hypothesis on where the industry is going – what will things look like in 5 years. Value could be in intellectual property. Review how industrial space disappearing – Craftman Mall being sold to developers of student housing – potential public/private partnership.
- Liaison meetings between City and HSU provide important info. Craig to update as warranted. HSU can't be involved in MC research or any due to fear of loss of federal funding.
- Update from Chair agenda item: could be a Brown Act violation if there is substantive discussion (deliberations) about a certain topic that may lead to an action item. Any item to be acted on must be an agenda item, especially if it will affect a person or group of people. Short snippets with no discussion in an update would be acceptable.
- Attended HDRC – spoke on EDC concern about MMIA process and loss of industrial space.
- Staff suggested opportunities of marijuana innovation area in long term as an agenda item.

VI. ACTION ITEMS.

- A. Election of Committee Chair and Vice Chair. Staff clarified Committee was only electing Chair and Vice Chair; changing date not correct. Watson was nominated Chair by Woodward, with second by Wruck, and unanimous approval. Scheer was nominated Vice Chair by Watson, with second by Hart, and unanimous approval.

VII. BUSINESS ITEMS.

- A. **Review Metrics for Evaluation of Economic Issues.** *Review metrics developed by subcommittee.*

Jane presented metrics developed by subcommittee, and distributed a test of the format on the MMIA overlay zone.

ED Strategy remains highly relevant. Discussed making analysis criteria less subjective so it will fit in a broader sense with the Strategic Plan and City goals and objectives. Data (like like how many jobs, sales tax, etc.) is essential. A revised form will be submitted at the next meeting.

Purpose of metrics is to determine if Committee wants to look at a project and recommend it to Council. Then EDC can obtain data to determine what the recommendation will be.

Timing can make it be very difficult to make a thorough recommendation when projects are moving quickly. Might be productive to have subcommittee work between meetings. Recommendation from Staff to work on recreational legalization as opposed to overlay zone. A second subcommittee could work on larger issues of the legalization topic.

Items for next agenda: possible additional subcommittee; revised analysis criteria.

- B. **Strategic Activity Discussion.** No action; move to next agenda.
- C. **Update on Marijuana Legislation and Related Issues.** No action; move to next agenda.

VIII. FUTURE AGENDA ITEMS.

- A. Economic development and large classes of business (Hospitals, University, etc.)
- B. Economic development aspects of Sea Level Rise
- C. Reports from Main Street, Film Commission, Welcome Center
- D. Loss and creation of industrial space
- E. Opportunities of marijuana innovation area in long term

IX. CORRESPONDENCE, COMMITTEE, AND STAFF COMMUNICATIONS.

- A. ECONOMIC DEVELOPMENT COMMITTEE:
 - Hart spoke of her research of successful tech hubs. Hosting a meeting at HAF about maker spaces in July. Humboldt needs a design of our own making to be successful. Meeting will start discussion of how it could be configured. Wished to invite everyone – okay in re: Brown Act as it is an educational event.
- B. STAFF:
 - Council adopted extension of urgency ordinance at last meeting which authorized suspension of the LUC that would allow offsite grows and dispensaries per City ordinance. Focus on a different name than recreational.

X. ADJOURNMENT. The meeting adjourned at approximately 7:00.

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

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