

**CITY OF ARCATA
ECONOMIC DEVELOPMENT COMMITTEE MINUTES**

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

June 4, 2015
Thursday at 5:00

I. ROLL CALL. 5:02

Present: Brett Watson (Chair), Fawn Scheer (Vice-Chair), Jane Woodward, Darrell Burlison, Craig Wruck, David Rosen Absent: Maureen Hart Staff Present: Susan Diehl McCarthy

II. ORAL COMMUNICATIONS. None

III. CONSENT CALENDAR.

A. Minutes of May 7, 2015 and May 11, 2015 meetings were unanimously approved on motion by Woodward and second by Burlison. Date to be corrected on minutes of the 11th.

IV. PRESENTATIONS.

- A. Mark Andre, Director of the City of Arcata Environmental Services spoke on the economic development aspects of community-based forestry.
- Arcata Community Forest (ACF) – community-based forestry initiated in '70s after property tax revenue curtailed due to Prop 13. Ballot measure to buy parkland; bond funding repaid by timber harvest revenue over 20 years. Measure included requirement to practice ecological forestry. Private forest owner volunteer work important part of community aspect.
 - Most City parks have been purchased with Arcata Community Forest (ACF) harvest revenue since.
 - Forest Management Committee (FMC) has technical experts; advises Council to be conservative; use forest on pay-as-you-go basis and for grant leverage: reduce bond risk and maintain a viable economic model of forestry.
 - Direct economic impact of timber harvest revenue:
 - Jobs. Private sector and government – loggers, truck drivers, mills (value added logs to lumber), maintenance service, roads, watershed restoration work.
 - Taxes. Real estate tax (County); timber tax (local schools, fire and police departments)
 - Intangibles. Value of homes near the forest or trails; part of character and livability of community; recreation and tourism value.
 - Forest has paid for itself since 1980 and doubled in size since 1970s, with no general fund revenue. Carbon credit program adds to revenue – about \$680k since 2012.
 - Cost: ~ \$300k per year to maintain. ~ \$200k without harvest costs. City pays for .95 FTE; vehicles, backhoes, tools, supplies, insurance.
 - Current challenge: timber prices are 30% less than 10 years ago; costs have increased; more need for policing and recreational management (mountain bikes, horseback, hiking, events). Maintaining ecological integrity is primary consideration, followed by managing overall costs.
 - Sylviculture style: achieve older stand structure and certain habitats, buy more land, maintain roads, trails, signs, improving as recreational asset and open space feature of the Arcata community. Harvest plans updated with new strategic acquisitions.
 - ACF featured in new book *Forest Plans of North America*. Likely the oldest community forest on West Coast; emulated by other communities. Small program has influenced forest management beyond Arcata.
 - Moving uphill due to SLR? Forest forms urban limit line. Covenants and land agreements prevent residential uses. About 600 acres have no restrictions but zoned NR.

- People siphoning water from Jacoby Creek (with no rights). City trying to stop – trying legal challenge but difficult because prior owner allowed. And County allowed subdivision next to TPZ and rock quarry – resource management difficult with so many people. Working with State – City owns water rights and bought for millions of public money dollars.

Note – recording cut off here (speaker sat on power cord and it became unplugged for short time)

Focus for EDC. Arcata can be marketed as recreational opportunity and progressive forest management; carbon credits; 100 year commitment.

B. Dan Ehresman, Northcoast Environmental Center (NEC), joined by Scott Greacen, Friends of the Eel River FOER) – discussion about environmental impacts of marijuana cultivation and legalization.

- Agree in principal with legalization, but problems with CCVH proposal:
 - Would bring in some growers under regulation but lacks enforcement against illegal grows. Serious regulation, limits not part of current proposal.
 - CCVH says $\geq 10,000$ SF is needed for grows to be economically practicable, functional. Proposals have no use conditions on $\leq 10,000$ to 5 acres; larger grows with CUP.
 - Question intent to implement; black market will continue with no real regulatory provisions. Issue is how to create a functional working policy that protects the environment.
- Environmental issues – grow infrastructure:
 - Of 4,000 operations viewed in S Humboldt – at least 10% clearly violate county grading ordinances; dirt flowing in, water flowing out of streams cause real problems for fish. (Sprowl, Redwood Creeks show drought impact but also cumulative effect of grow diversions and erosion; serious impacts even when grows are less intense.
 - Remote grows in upper watersheds: CA Fish & Wildlife are concerned about roads failing; significant erosion and unstable slopes. During El Niño years watersheds will unravel. Would take decades to shut down illegal grows and environment devastation continues.
 - Scale and water problems: at larger grow sites 50k to 100k gallon storage is feasible. At 150k to 300k the weight challenges many sites, particularly steep slopes. Can mitigate many sites but some cannot be; their cumulative effect is not sustainable. Educate growers?
 - Estimate 800k acres of private land in Humboldt under CCVH framework; every site ≥ 5 acres legitimate. (Any grow on public land always illegal.)
 - Pesticides and indoor grows –NO pesticides are legal to use.
- Economic issues:
 - Without laws that work, could see bust bigger than timber bust.
 - Growers would like access to insurance like crop insurance; provides opportunity to exchange sustainable practices for insurance.
 - Any public incentives? Right now growers and distributors have incentives.
 - Regulatory compliance should reduce business risk re: law enforcement.
 - Could grow permits be analogous to timber/oil/gas extraction permits that meet a high bar for approval and carry cost?
 - Issue actual water rights under permitting scheme; increasing future property values?
 - Excise taxes only be available with legal grows; no incentive to black market growers.
 - Legitimate market will not be as financially attractive to growers as black market.
 - Nature of black market makes obtaining real data difficult.
 - Presenters unaware of any economic voices in regulatory/legalization discussion.
- Enforcement issues:
 - Already significant enforcement backlog due to lack of resources for site cleanup; CCVH proposal would legitimize operations on larger scale.

- Key item missing from CCVH proposal is where \$ will come from to take care of enforcement and remediation. No one taking the lead in complex and new process.
- In CA violent crime has decreased but in Humboldt it has increased.
- CCVH premise is growers all want to be legal but that market is not as financially attractive as illegal market.
- Bar needs to be low enough that responsible growers can comply. What is max grow size?
- Regulation issues:
 - Difficult to move from illegal, wholly unregulated operations to legal and regulated overnight.
 - Better to launch with conservative regulations and relax later, but stiff regs likely mean ongoing black market. Effective regulations would affect the industry in entirety – legal and illegal.
 - CCVH is currently only voice, has money, has singular interest. Strategy of trying to start a public process takes time. Even a flawed counterproposal would represent other options for regulation with social safeguards.
 - State: several bills in mix; compromise measure expected in August; many local players also involved in Sacramento. Mark Lovelace active proponent for rural inclusion. Unknown whether State will implement regs, or leave open for counties, cities. Unknown who will enforce.
 - Expect medical marijuana legislation to be template for recreational industry.
- Presenter Recommendations:
 1. City should talk to County Supervisors – offer argument for public process or alternative ordinance from another perspective
 2. Look at testing regimes, quality control, chains of custody – particularly pesticide concentrates in edibles (Innovation Area issue)
 3. Consider impact on housing stock and values.
 4. Look at areas that work in LUC for cultivation, distribution, testing, etc.
 5. Create incentives for ecological and organic growing with certifications. Position to sell to higher end of market; expect larger industry to sell to lower end.

V. UPDATE FROM THE CHAIR.

- Brett to invite Brian Willkommen of HPRC to attend July meeting.
- Met with Kathy Moxon – discussed concept of community investments: community makes small investments that over time pay dividends to community and investors, like Green Bay Packers. Fawn has resources.
- Met with Mike Wilson, Harbor Commissioner. Rumor that redwood goes to a workshop at sea for manufacture and comes back here for sale is false.
- Met with Jennifer Kalt of Humboldt Baykeeper – discussed support of responsible and smart development, including contamination cleanup.
- Met with David Rosen and Karen Diemer, City Manager as subcommittee. Discussed creating metrics for proposals; help determine what we focus on; does it make sense economically. (Had asked Mayor Winkler about reassigning marijuana subcommittee – he suggested meeting with Karen.) Committee assignment to look at innovation area in the long term. Jane and David have drafts of implications/concerns about overlay zone.

VI. ACTION ITEMS. None

VII. BUSINESS ITEMS.

- A. **Discuss Strategic Activity Options.** *Discuss strategic economic development options for a Tech Hub and the Arcata Ballpark; introduce other opportunities (continuation of previous discussion).*

- Dan Diemer will speak about and give tour of ballpark. EDC interests: restrictions; city liability; land use; turf destruction and restraints; 20 year park plan; capacity; event constraints; usage (bookings); income and maintenance costs; proposed uses denied (and why). Obtain copy of 20 year plan. Schedule for August meeting.
- Tech Hubs: Staff to research successful tech hubs, including importance of access to investors or philanthropists.
- Presentations – purpose is to inform EDC of relevant issues. Staff to make effort to inform public: presentation info in Agenda; EDC word of mouth; build email list; research app showing meetings; address why citizens don't engage?
- Conversation: what do we want Arcata to be known for? Market HSU programs? World class glass blowing event or fair? Business on the railroad track (do we own tracks)? . Art Festival with local artists, kid's art? Truck stop scheme? Work with existing large classes of businesses to help expand? How to enable business?
- Arts Arcata compared to Arts Alive – deemed smaller/less vibrant due to City regs about sidewalk vending (no busking or sidewalk sales) – creates more vibrancy. Another Creamery Festival planned. Staff to look at relaxing sidewalk regulations for Arts Arcata.
- Selection of issues for EDC attention:
 1. Arcata Ballpark opportunities
 2. Improving attendance at Arts Arcata
 3. Train track development
 4. Research of successful tech hubs

B. Discuss Formation of Additional Subcommittees. *Discuss formation of other subcommittees.*

- Subcommittee formed to generate metrics for measuring economic development proposals/issues (Woodward and Rosen; see below).
- Committee members to discuss expansion individually with larger businesses (David to speak with United Indian Health)

C. Update on Marijuana Legislation and Related Issues. *Hear Subcommittee update and any other updates.*

- Return on investment of cannabis as compared to other large classes of economic development. Keep on agenda.

D. Measuring the Importance of Economic Development Issues.

- Purpose of metrics/measurements is to apply rigor to decisions; help avoid distractions; understand why an issue is important. Intuition can be applied afterward. Subcommittee to bring process to next meeting.

VIII. FUTURE AGENDA ITEMS.

- A. Elections
- B. Metrics for evaluation of economic development issues
- C. HSU, Mad River Hospital, large classes of Econ Dev.
- D. Main Street, Film Commission, Welcome Center
- E. Economic Development Aspects of Sea Level Rise

IX. CORRESPONDENCE, COMMITTEE, AND STAFF COMMUNICATIONS.

- A. ECONOMIC DEVELOPMENT COMMITTEE: None.
- B. STAFF:
 - Wing loan is anticipated to create 70 – 80 jobs.
 - Will send out 2015-2016 Council goals with agendas to help keep focus

X. ADJOURNMENT. Meeting adjourned at 7:35 by unanimous vote on motion by Woodward; second by Scheer.

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

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