



MINUTES - FINAL

REGULAR MEETING OF THE CITY COUNCIL AND JOINT MEETING OF THE CLOVERDALE COMMUNITY DEVELOPMENT SUCCESSOR AGENCY BOARD OF DIRECTORS

WEDNESDAY, MARCH 23, 2022

CLOVERDALE PERFORMING ARTS CENTER
209 N. CLOVERDALE BOULEVARD, CLOVERDALE, CA 95425

A. OPENING PUBLIC SESSION – 6:00 p.m.

- Call to Order-Mayor Lands called the meeting to order at 6:02 p.m.
- Pledge of Allegiance led by Mayor Lands
- Roll Call:
 - Mayor Lands-Present
 - Vice Mayor Wolter-Present
 - Councilmember Bagby-Present
 - Councilmember Cruz-Absent
 - Councilmember Palla-Present
- Conflict of Interest Declaration-None
- Agenda Review – Regular Session -None

B. PUBLIC COMMENTS:

Malaki, Royal Roberts University student, introduced herself and is attending to learn of the City Council's visions and goals.

C. PROCLAMATIONS

C.1 Mayor Lands presented Student Liaison Guadalupe Nunez' report.

The City Council presented the following proclamations:

C.2 Proclamation Cesar Chavez Day

C.3 Proclamation Equal Pay Act

C.4 Proclamation American Red Cross Month

D. CONSENT CALENDAR:

Motion was made by Councilmember Palla, seconded by Councilmember Bagby, to approve the Consent Calendar.

AYES: (4) Councilmembers Bagby and Palla, Vice Mayor Wolter, Mayor Lands
NOES: (0)
ABSENT: (1) Councilmember Cruz

ABSTAINED: (0)

- D.1 Approved minutes of the February 23, 2022 City Council meeting.
- D.2 Adopted Resolution 26-2022 entitled, "A Resolution of the City Council of the City of Cloverdale approving a side letter of Agreement amending the Memorandum of Understanding between the Cloverdale Dispatch Association and the City of Cloverdale to include section 7.9.6, Administrative On-Call Time, to the Dispatch Supervisor position and authorizing the City Manager to execute the side letter of agreement".
- D.3 Accepted the 2021 General Plan Annual Report including the Housing Element Annual Progress Report and authorized staff to submit the reports to the Governor's Office of Planning and Research and the State Department of Housing and Community Development.
- D.4. Held second reading by title only and adopted Ordinance 746-2022 titled: "Ordinance of the City of Cloverdale amending Title 8, Chapter 8.12 of the City of Cloverdale Municipal Code regarding "Collection, Disposal, and Processing of Solid Waste, Recyclables and Organic Waste and Related Activities"
- D.5. Adopted Resolution 27-2022 entitled, A Resolution of the City Council of the City of Cloverdale approving a new Annual Maintenance Services Agreement with Miksis Services, Inc. to provide Sewer Maintenance/Rehabilitations in an amount not to exceed \$172,990.00 and authorizing the City Manager to execute said Agreement.
- D.6. Received and filed Housing Successor Agency Annual Report for Fiscal Year 2020-21
- D.7. Adopted Resolution 28-2022 entitled, "A Resolution of the City Council of the City of Cloverdale Declaring Certain Property as Surplus and Authorized Sale (Disposition) of Surplus Items
- D.8. Adopted Resolution 29-2022 entitled "A Resolution of the City Council of the City of Cloverdale approving an amendment to the Baumgardner Subdivision Improvement Agreement and Associated Improvement Securities."

E. COMMUNICATIONS:

Vice Chair Wolter received an e-mail from shop owner Shehann requesting a new bike rack in front of the new wellness shop on First Street. He expects the Public Works and Facilities Subcommittee will review the request. City Manager Kelley stated the request would require policy consideration regarding encroaching into the public right of way and a parklet may be an alternative.

F. PUBLIC HEARING: None

G. NEW BUSINESS

- 1. Proposal to adopt a "Military Equipment Use Policy" required in Assembly Bill 481

Action:

Reviewed and discussed the "Military Equipment Use Policy" and authorized staff to bring the item back to Council for a public hearing.

Police Chief Ferguson reported that the Cloverdale Police Department possesses and deploys items that qualify within the definition of "Military Equipment" and seeks Council direction to schedule a public hearing to consider a military equipment use policy.

Councilmember Bagby referenced the reference to the use of drones , which is in line with the City's policy of community policing.

In response to Vice Chair Wolter, Chief Ferguson stated that any change in the inventory would return to the City Council.

Mayor Lands stated the military equipment increases the toolbox to keep both the public and suspects safe.

There were no public comments.

Vice Chair Wolter moved to authorize staff to bring this item back to the City Council for public hearing. The motion was seconded by Councilmember Palla and passed.

AYES: (4) Councilmembers Bagby and Palla, Vice Mayor Wolter, Mayor Lands
NOES: (0)
ABSENT: (1) Councilmember Cruz
ABSTAINED: (0)

G.2 Amendment of Cannabis Excise Tax

Action:

Adopted Resolution Amending the Cannabis Excise Tax

City Manager Kelley stated this action is returning to the City Council in keeping with their March 9th direction to staff. Permitted cannabis microbusinesses were not specifically addressed in the presentation by the cannabis industry. However, he does not believe the proposed resolution deviates from the industry's request. The resolution spells out that rates would depend on the business activity of the micro business that the tax rate would apply to. It would be incumbent upon the micro businesses to report that activity based on permit type or based on the percentage of activity that is conducted. If the cannabis excise tax rates in the draft resolution had been in effect from the tax inception, the City would have collected a fairly significant decrease in cannabis tax revenue. However, the industry is asking for relief based on current sales. City Manager Kelley noted that the Council does have the flexibility pursuant to the adopted tax measure to change the rate proposed by the industry in the draft resolution to a rate from zero to ten percent pursuant to the adopted tax measure. The City Manager also noted the County did approve some relief to cultivators for a period of time when the tax rate is not applicable.

Councilmember Bagby referenced the Sonoma County Board of Supervisors' recognition that this is needed. She stated that this measure was proposed due to compassionate care concerns. She expressed fear of Cloverdale losing the industry and jobs.

Vice Chair Wolter spoke in support and agreed that it is important to revisit this annually. If sales increase, it may be time to readjust the tax.

Mayor Lands asked why cultivation and manufacturing would receive a lower percentage than retail who can add on, which hits the pocket of the person who needs it most. He would look at

an across the board percentage. The City Manager stated it is a policy consideration within the Council's discretion. One way to look at retail is it is a pass through, and ultimately the consumer pays the cost. As with many cities, Cloverdale does not currently have cultivation businesses.

Erin Gore stated this is pass through tax, and they would applaud the Council if they would like to reduce all services. Distribution or manufacturing make more money overall, so the percentage of tax gross receipts is larger than the percentage of tax to cultivate. Distributed product is sold across the State, and she is paying taxes across the State.

Councilmember Palla stated there was no real information on how much revenue would be generated when the measure was adopted, but the Council wanted to ensure that City expenditures were recovered. He recommended that the proposal be approved and referred for review by the Finance, Administration and Police Subcommittee.

Councilmember Bagby agreed with Councilmember Palla and thinks that it is about volumes and economies of scale. The industries requested it after consultation across the business, and consideration of other jurisdictions' reduction in tax should be considered.

MOTION

Councilmember Bagby moved to adopt the Resolution and direct staff to conduct an annual review.

City Attorney Sanchez presented an amendment to the resolution to include all of the potential businesses, e.g. a business license for lab testing.

Mayor Lands asked the chief for the cost for inspections. Chief Ferguson stated they have not performed many inspections, although they have participated, and he would have to return with this information. In response to Councilmember Wolter, City Manager Kelley stated there is an annual permit fee that covers inspection and audits. With Council's support, the City reduced the annual fee by half by reducing the number of audits performed.

Shawn Bovee stated he was not informed about this. He does not support a reduction in tax, and Erin Gore does not represent him. He takes issue with not giving more money to the Police Department. In response to Councilmember Palla, Mr. Bovee stated he is not affected by the proposal because his customers pay the tax.

In response to Councilmember Bagby's question regarding personal attacks directed at Councilmembers, City Attorney Sanchez stated that the Mayor as Chair may ask the public to address their questions to him instead of directly to Councilmembers

Councilmember Palla proposed that post adoption, all licensees be convened to review the tax annually for needed adjustments. He was concerned by Erin Gore's comments at the last meeting that the program is not always enforced or complied with.

Mayor Lands stated he could not support the motion without more information.

The City Council took a five minute recess and reconvened at 7:26 p.m.

City Attorney Sanchez read the proposed amendments to the resolution into the record. The resolution title would read "A Resolution of the City Council of the City of Cloverdale approving

modification of the previously established cannabis tax rate of 4.5% of gross receipts of all engaged in cannabis business in the City of Cloverdale to a tiered tax rate of 3% for cultivation, 1% for manufacturing, 1% for distribution, 3.5% for retail, 3.5% for delivery, and a tiered rate for microbusinesses at the Cannabis Tax rate applicable for each component of business activity and 1% for all other commercial cannabis businesses.” Section 2 would include a line for delivery of 3.5%, and another line for other cannabis businesses allowed under Chapter 3.46 of the Cloverdale Municipal Code would be 1% to cover testing and other low impact businesses.

Councilmember Bagby moved the resolution as amended, seconded by Councilmember Palla. The motion passed.

AYES: (3) Councilmembers Bagby and Palla, Vice Mayor Wolter
NOES: (1) Mayor Lands
ABSENT: (1) Councilmember Cruz
ABSTAINED: (0)

Councilmember Palla requested that this item be placed as a permanent agenda item on a Subcommittee agenda and reviewed annually. City Manager stated it would be scheduled for the Finance Administration and Police Subcommittee. Mayor Lands would like the Subcommittee to meet with anyone involved with the cannabis companies.

G.3 Agreement with R3 Consulting Group Inc. to conduct a Special Rate Review of Recology’s Rate Adjustment Application and a Performance Review of the Franchise Agreement Between the City and Recology

City Manager Kelley stated that staff is recommending adopting the resolution to approve an agreement with RC Consulting Group Inc. Some additional items will return to Council for action. It is important to conduct a performance review because the proposal includes significant rate increases. He introduced Carrie Baxter, R3 Project Manager who presented a report and answered questions.

Councilmember Palla would like the contractor to consider expanding from two to either three or four community clean ups and replace cans as necessary. In response to Councilmember Palla, Celia Furber , Recology Sonoma Marin, stated that they are coordinated with the PG&E care program for seniors qualifying for a discount.

There were no public comments.

Councilmember Palla moved to introduce Resolution 30-2022 entitled “A Resolution of the City Council of the City of Cloverdale approving an agreement with R3 Consulting Group, Inc. to Conduct a Special Rate Review of Recology’s Rate Adjustment Application and a Performance Review of the Franchise Agreement Between the City and Recology for Regulatory Compliance and Operational Performance, authorizing the City Manager to execute a Professional Services Agreement with R3 Consulting Group, Inc. The motion was seconded by Councilmember Bagby and passed.

AYES: (4) Councilmembers Bagby and Palla, Vice Mayor Wolter, Mayor Lands
NOES: (0)
ABSENT: (1) Councilmember Cruz
ABSTAINED: (0)

H. SUBCOMMITTEE ITEMS:

- **Finance, Administration & Police**
 - Next Meeting - Monday, April 4, 2022 at 1:30 pm
- **Planning & Sustainability**
 - Next Meeting - Tuesday, April 19, 2022 at 1:30 pm
- **Public Works & Facilities**
 - Next Meeting - Tuesday, April 26, 2022 at 1:30 pm. C
- **Joint City/Cloverdale Fire District**
 - Next Meeting - Monday, June 13, 2022 at 5:30 pm
- **Joint City/Cloverdale Unified School District**
 - Next Meeting - Monday, March 21, 2022 (cancelled due to spring break) at 4:30 pm
- **Homelessness Community Advisory Group**
 - Next Meeting - Tuesday, April 12, 2022 at 5:00 pm

I. SUBCOMMITTEE REPORTS: None

J. COUNCIL REPORTS: None

K. INFORMATIONAL REPORTS:None

L. LEGISLATIVE REPORTS, LETTERS OF SUPPORT/OPPOSITION:

City Manager Kelley referred to a straightforward funding bill t to support or provide local assistance to cities for implementation of SB1383. If no objections, the City Manager stated he will provide this newly requested letter of support.

In June of last year, former Mayor Cruz signed a letter of support for the Smart Rail extension which came up short, and he would sign a letter of support if there are no Council concerns.

M. CITY MANAGER/CITY ATTORNEY REPORT(S):

The City Manager and City Attorney provided reports. Councilmember Bagby expressed concern the the Mayor and Council Association would not include teleconference attendance. She will seek to have the meetings recorded for later viewing for those who cannot attend.

City Manager Kelley announced that the City was awarded a grant for just over \$3 million for water infrastructure improvements. Councilmembers expressed their appreciation for this effort.

N. STATUS UPDATE ON CURRENT IMPACTS TO WATER SUPPLY: (Verbal report)

City Manager Kelley referred to communication from State water board to prepare for more water impacts due to ngoing dry conditions. They plan to bring to Council the second meeting in April for Council's consideration on a voluntary agreement encouraging conservation instead of curtailment.

STATUS UPDATE ON CURRENT EMERGENCY: No reports.

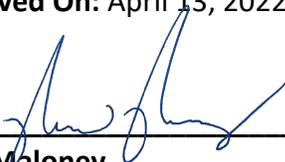
O. COUNCIL DIRECTION ON FUTURE AGENDA ITEMS:

P. Mayor Lands discussed the need for a code of conduct for City Council meetings. Mayor Lands and Councilmembers Palla and Wolter expressed the need for grant writers and the possibility of using

consultants' expertise to assist. This will be discussed by the Finance, Administration and Police Subcommittee

Q. ADJOURNMENT: Mayor Lands adjourned the meeting at 8:30 p.m.

Approved On: April 13, 2022



Mike Maloney
City Clerk