

CALL TO ORDER

Mayor Paul Helenberg called the July 24, 2017, regular meeting of the Castle Rock City Council to order at 7:31 p.m., followed by the Pledge of Allegiance. The following councilmembers were present: Art Lee, Lee Kessler, Earl Queen, Paul Simonsen and Ellen Rose.

(Recording not available due to recorder malfunction)

BUSINESS FROM THE FLOOR

1. Cowlitz County Sheriff Mark Nelson announced that his office would be partnering with Castle Rock Police Department and the CARE Coalition to celebrate National Night Out on August 1<sup>st</sup>, from 5:30 p.m. to 8:00 p.m. This event will be held at Castle Rock Elementary School and Sheriff Nelson invited everyone to attend.

DEPARTMENT REPORTS

Castle Rock Police Department - no report

Public Works Director David Vorse

- announced the Castle Rock Wastewater Treatment Plant received the '2016 Wastewater Treatment Plant Outstanding Performance' award from State of Washington Department of Ecology for compliance with the effluent limits, monitoring and reporting requirements and overall operational demands of the NPDES permit.

- reported that next Monday, Vorse will be giving a tour of the Wastewater Treatment Plant to several students.

City Attorney - Frank Randolph – no report

Clerk-Treasurer Ryana Covington -

- provided councilmembers with the June 2017 Cash Activity Report. The only fund in deficit is the Street Construction Capital Fund; reimbursements for those projects are pending.

- May 2017 revenue and expenditure reports were provided to city council last week.

Council And Ad Hoc Committee report -

- reported the America In Bloom judges were in town last week. Chennault outlined the judge's activities during their three-day stay. A summary of the judge's recommendations and comments will be provided to the city at a later date.

- over 100 people attended the ribbon cutting and community potluck on July 21<sup>st</sup> to recognize community volunteers and celebrate completion of the south Huntington Avenue entry feature. Mayor Helenberg thanked Castle Rock America In Bloom volunteers for helping with this event. Nancy Chennault stated there were over 84 volunteers who received certificates of appreciation for their service to our community.

- Mayor Helenberg stated the Fireworks Committee will meet at the end of July. Sergeant Neves will represent the Police Department on this committee.

CONSENT AGENDA

1. Councilmember Queen made a motion, seconded by Lee to approve minutes to the June 26, 2017 regular council meeting. By roll call vote; unanimous 'Aye'.

2. Councilmember Queen made a motion, seconded by Rose to approve minutes to the July 10, 2017 regular council meeting. By roll call vote; unanimous 'Aye'.
3. Councilmember Queen made a motion, seconded by Lee to approve minutes to the July 17, 2017 Special council meeting. By roll call vote; unanimous 'Aye'.

OLD BUSINESS - None

NEW BUSINESS

1. City Council reviewed the July 7, 2017 Memorandum from Gregg Dohrn on behalf of the Castle Rock Planning Commission relating to their recommendations for governing new uses in the C-1 Retail Business District and also options for regulating marijuana related facilities within the city limits. Attending on behalf of the Planning Commission: Chairperson Jana Gann, Commissioners Richard Skreen and Jon Murfitt, contracted planner Gregg Dohrn, and planning commission secretary Karlene Akesson.

Mr. Dohrn stated several businesses have expressed an interest in locating a light manufacturing facility in the downtown commercial district that would include the sale of products manufactured on site. He noted that with the exception of bakeries, this type of use currently is not permitted in the C-1 Commercial District. The Planning Commission noted examples of light manufacturing with retail sales that might be appropriate in the C-1 District include: coffee roaster/coffee shop, micro-brewery/wine shop, micro-distillery and tasting room, woodworking shop and showroom, custom fishing lures/rods and sporting goods store, art studio and gallery.

The Planning Commission found that the addition of light manufacturing uses that have little or no potential of creating noise, smoke, dust or vibration could be a positive addition to the downtown, especially if those uses include retail sales. Adding new businesses and increasing foot traffic in the downtown would be beneficial to all businesses, help fill vacancies and increase city revenues. The Planning Commission recommends the following language be added to the list of conditional uses in the C-1 zone:

N. Light manufacturing uses typically having little or no potential of creating noise, smoke, dust, vibration or other environmental impacts of pollution, including but not limited to coffee roaster, micro-brewery, micro-winery, micro-distillery, hand woodworking, custom fishing equipment or art studio, provided that:

1. Uses with street level frontage must include a showroom, gallery, or dedicated space for the display and sale of products made on site;
2. All products and materials must be stored indoors;
3. All manufacturing activities shall be conducted indoors;
4. No odors associated with the manufacturing process(es) shall unreasonably interfere with the enjoyment or use of neighboring properties. This shall include, but is not limited to odors associated with paints, chemicals, cleaning or solvents;
5. Strict compliance with the City's noise regulations shall be observed at all times;
6. The building must be inspected prior to occupancy by the City Building Official and/or Fire Marshall to confirm that the space complies with all provisions of the International Building Codes as adopted by the City; and
7. The business owner shall maintain a City Business License in good standing at all time.
  - a. The City may attach conditions of approval to ensure that operations are compatible with neighboring uses and the character of downtown,
  - b. Failure to comply with the conditions of approval may result in the revocation or

suspension of the business license and/or an order to cease and desist all light manufacturing activities.

Dohrn stated by permitting light industrial uses in the C-1 zone as a conditional use permit, the City's Development Review Committee will be able to evaluate the proposed use and a public hearing in front of the city's Hearing Examiner would afford an opportunity for public comment, and specific conditions to be determined.

Dohrn stated the Planning Commission is requesting council input. If city council agrees to the recommendations as presented, the Planning Commission will schedule a Public Hearing and then draft an ordinance for city council to enact.

Councilmember Kessler questioned how similar uses are to be determined as light industrial based on the listed examples if they differ in nature. Dohrn stated there is a process for the Planning Commission to issue an administrative code interpretation that would resolve those types of 'close calls'.

Covington asked if the Planning Commission considered requiring a percentage of the business to be retail sales. Skreen stated the Planning Commission does not want to overregulate; so there is no recommendation to include a retail percentage requirement.

By consensus, City Councilmembers agreed with the Planning Commission's recommendations for adding Light Manufacturing as a conditional use in the C-1 zone and requested the Planning Commission to begin taking action to amend the zoning code as described.

Dohrn stated the Planning Commission also has been reviewing proposed zone change amendments with respect to state-licensed marijuana facilities to make city code consistent with State law. The State no longer distinguishes between recreational and medical facilities, and collective gardens are no longer permitted.

Dohrn reviewed that the city council has imposed a moratorium on the permitting of new marijuana facilities in the City, which has afforded the Planning Commission the opportunity to review the new state licensing requirements and to consider new standards for the City. Dohrn stated the memorandum outlines recommended definitions to be added to the City code to bring regulations consistent with State law. In addition, the memorandum also includes amended text changes to Chapter 17.57 of the Castle Rock Municipal Code.

Dohrn noted that facilities must be State licensed and comply with local zoning regulations. The city needs to be specific in identifying those regulations to avoid questions relating to 'home occupation' type permits.

Murfitt stated the Planning Commission reviewed examples from other cities. Regarding processing, he noted there are several means, but the Planning Commission only recommends water or alcohol based extraction processes. Councilmember Kessler questioned who inspects the business and the cost of enforcement. Murfitt stated when the State issues a license, the extraction machine must also be licensed and inspected by the State.

Kessler noticed that Medical Marijuana Cooperatives must not have any emission of odors and

asked how that is to be determined and enforced. Dohrn stated it would be up to the city to enforce and the odors must be detectable and measurable. Murfitt stated part of the odor control is regulated by the State; however enforcement is by the city. Dohrn stated, in theory, the State is suppose to assist with enforcement problems. City Attorney Randolph asked if there was any funding mechanism to fund enforcement costs. Councilmember Kessler asked if the city can require an enforcement bond for such business ventures.

Kessler stated it was his concern that just over 45% of the voters in the Castle Rock area supported legalization. Odors from such facilities are an issue and he can see this as being an enforcement problem.

Councilmember Lee asked what was the State criteria for allowing medical co-operatives. Dohrn responded the State requires the cooperative to be located in a residential zone and must be in the home of one of the four participants. Dohrn stated the city is not required to allow cooperatives. Randolph noted it would be more difficult to enforce odor regulations with cooperatives located in private homes.

Councilmember Rose asked Dohrn to outline what current city code provides. Dohrn explained how current code does not reflect amended State regulations.

Randolph asked if Castle Rock Police Department has had issues with home marijuana operations. Kessler stated there has been more of an issue when those homes are located near school areas.

Dohrn noted the State just adopted new changes in State licensing pertaining to prohibiting certain advertisements, billboards, etc.

Dave Vorse asked if the State law addresses packaging of marijuana products when such packaging makes the project look similar to packaging of candy products.

Mayor Helenberg asked how the State intends to share the marijuana revenue with cities. Dohrn stated it is taxed at point of retail sales (37% rate) and most revenues stay at the State level. State revenues are shared with cities based on a formula that depends on point of sale and population.

In answer to Randolph's question, Dohrn stated he would research what the State's annual revenues are from the marijuana businesses. He would also provide examples of city revenue distributions. Murfitt said the State's revenue is \$401 million dollars. There is \$183 million dollars collected in sales tax revenue. Dohrn said the State has capped distribution to cities at \$6 million dollars.

In answer to Kessler's question, Dohrn stated he does not know if the State will be adding enforcement officers to their staffing levels.

Gann stated the Planning Commission was not looking at revenues from State distributions; but the potential of revenues from generation of sales taxes.

Randolph – noted from an enforcement issue, he felt that medical cooperatives would be an issue for the police department.

Gann – referred to the section of the memorandum; C. Local Standards. She noted at this time,

there are no areas within the C-1 zone where marijuana facilities can be located, based on those restrictions. These are the same minimums outlined in State law. Covington asked if this were the case, why the Planning Commission included retail marijuana sales as a permitted use in the C-1 zone. Skreen stated the Planning Commission did not want to overregulate.

Mayor Helenberg stated the moratorium expires in September. The Planning Commission either needs to schedule a Public Hearing on August 8<sup>th</sup> to proceed with implementation of their recommendations; or city council will need to adopt an ordinance to extend the moratorium.

Randolph – the city could always hold a Special Meeting, if needed to make sure action is taken before the moratorium expires in September.

In answer to council's question, Dohrn stated the Planning Commission did not have any public input during their deliberations to develop their recommendation.

Kessler stated he favors extension of the moratorium to allow the Planning Commission time to consider council's comments.

Councilmember Kessler made a motion, seconded by Rose to direct the attorney to draft an ordinance to extend the moratorium. By roll call vote; unanimous 'Aye'.

Dohrn stated there will need to be a Special Meeting scheduled to allow for a Public Hearing on the moratorium extension.

Skreen – the consensus of the Planning Commission was that the downtown retail area was protected by State law restrictions. Vorse stated if the city only receives money from the retail component, then why include producer and processors as allowable uses in the city limits. Gann stated the city would benefit from additional property tax revenue and added jobs. Murfitt added there is a Tier 3 business in Longview that employs 120 people. Chennault noted there are many college level horticulturist degree graduates going into marijuana production businesses.

#### ADJOURNMENT

There being no further business, Mayor Helenberg adjourned the meeting at 9:00 p.m.

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Paul Helenberg, Mayor

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Ryana Covington, Clerk-Treasurer