CITY OF LA PUENTE

PLANNING COMMISSION AND DEVELOPMENT REVIEW BOARD

MINUTES

December 06, 2011

A Regular Meeting of the Planning Commission and Development Review Board of the City of La Puente was held in the Council Chambers of City Hall, 15900 East Main Street, La Puente, California, on 12/06/2011, at 7:00 p.m.

Per *Robert's Rules of Order Newly Revised 10th Edition,* minutes are a record of the actions taken by the body. These minutes do not include a summary of the discussion but only reflect the action taken by the body. A complete audio recording of this meeting is available on the City's website www.lapuente.org

CALL TO ORDER:

Chairman Klinakis called the meeting to order at 7:00 p.m.

ROLL CALL: Commissioners: Brown, Costea, Young, Duarte, and Klinakis.

Staff members present: Interim Deputy City Attorney Sparks, Lt. Cacheiro, Acting Finance Manager Leung, Assistant Planner Chow, Administrative Secretary Ramirez.

PLEDGE OF ALLEGIANCE:

Chairman Klinakis led the Pledge of Allegiance.

ORAL COMMUNICATIONS FOR THE PLANNING COMMISSION AND THE DEVELOPMENT REVIEW BOARD:

Ken Ledman, spoke in regards to a proposed ambulance service.

MINUTES OF PREVIOUS PLANNING COMMISSION AND DEVELOPMENT REVIEW BOARD MEETING:

1. Reading of the minutes of the Planning Commission meeting of October 4, 2011.

Chairman Klinakis moved and Commissioner Costea seconded to approve as presented. The motion carried with the following roll call vote:

AYES: Brown, Costea, Young, Duarte, and Klinakis.
NOES: None
ABSTAIN: None
ABSENT: None

RECESS THE DEVELOPMENT REVIEW BOARD

PUBLIC HEARINGS BEFORE THE PLANNING COMMISSION:

2. **Amortization Application for a Medical Marijuana Cooperative or Collective-. Consideration of a resolution relating to the application of La Puente Co-op, for an extension to the City's amortization period, to continue operation of a medical marijuana cooperative/collective at 15524 Amar Road, La Puente, California.**

Interim Deputy City Attorney presented an overview of medical marijuana laws and amortization.

Assistant Planner Chow presented the report.

Lt. Cacheiro stated that the Sheriff's Department was against the Medical Marijuana Collective/Cooperatives (MMCC) and then gave a brief description of arrest and seizures associated with the MMCC's within the City.

Interim Deputy City Attorney Sparks stated that pictures have been submitted by Lt. Cacheiro and have been copied and distributed to each Planning Commissioner and a copy placed on the back table available to the public and to enter into the record.

Assistant Planner Chow further restated Lt. Cacheiro's observations and additional information was obtained in that the collective was very active in their social network on the internet. Having specials such as; buy one get one free, discounts for females and college students the tone is for recreational use.

Aaron Amster with Desmond, Marcello & Amster (DMA) presented the valuation report.

Vice Chairman Duarte asked Mr. Amster, when was the best time to evaluate an MMCC and had DMA ever evaluated an MMCC before.

Mr. Amster responded that the longer the duration the business is open the better. It also depends on the type of business, for this type of business you can determine very early on how it will do. DMA had not evaluated an MMCC before.

Commissioner Young stated that since this type of business was not pursuing a profit, would that change the outlook of the timeline to recoup their investment.

Mr. Amster responded that he was showing that the Co-Op was not breaking even, with the data information the Co-Op had submitted. It would be years for the Co-Op to ever break even base on the information submitted.

Discussion ensued on pricing of product, associated costs, and what a Cooperative was supposed to do. And information that was requested from the Co-Op but was never submitted.

Commissioner Costea asked what the procedure was for filling taxes for a non-profit.

Mr. Amster responded that when taxes are paid, refunds are generally due. If businesses lose money, they do not get money back. Non-profits do not pay taxes.

Commissioner Young stated the Co-Op was paying $13,000 per quarter, doesn't that mean they are paying taxes at 10% they made $130,000.

Acting Finance Manager Leung stated that the Co-Op pays Measure N, 10% of their gross each quarter from July 1st thru September 30th they grossed $132,948.00 in revenues.

Vice Chairman Duarte questioned when was the report completed.

Mr. Amster responded in July 2011.

Interim Deputy City Attorney Sparks responded that once a draft report was received from Mr. Amster, staff and legal counsel reviewed the document and made a number of suggestions. Given Mr. Amster expertise the majority of recommendations were not incorporated into the final report. The City considered the document finalized on November 21 and available to the cooperative on November 27.

Chairman Klinakis asked if the investment to date of $204,000 was from one person or fifty people.

Mr. Amster responded $54,000 was building costs and $15,000 was equipment costs, miscellious, utility, marketing costs, rent, prior to opening and includes loss in the first 6 months, revenue minus the cost of the product was negative $68,000. The Co-Op spent $105,000 buying product and only sold $46,000 of it.

Discussion ensued on the evaluation report regarding employees and costs.

Chairman Klinakis asked Lt. Cacheiro about other MMCC's in the area.

Lt. Cacheiro responded that based on information from the investigators in the Narcotics Bureau, the report states other illegal narcotics were seized from these types of businesses and at other locations such as warehouses and homes, large amounts of cash in the$ 200,000 to $300,000 range were also seized.

Discussion ensued on marijuana, such as how much the product costs and how much was kept at the dispensary.

Lt. Cacheiro gave a brief description of patrons who visit this type of establishment and the selling of an illegal substance.

Chairman Klinakis opened the public hearing at 8:08 p.m.

Tom Bourke, Attorney stated that not every patient was for recreational use. He had a Iraq Veteran who was qualified to receive medical marijuana. He then thanked the Sheriff's Department for shutting down illegal businesses.

Eva Fitzhugh spoke in favor of her husband's marijuana dispensary.

Ricky, 15522 Amar Road, owner of a computer store stated that he had more customers now and has not had any problems with the dispensary.

Mr. Mizrachi stated that it would be a hardship if the dispensary closed down.

Ms. Fitzhugh stated that she had support letters and signed petitions from her patients in favor to keeping her dispensary open.

Interim Deputy City Attorney Sparks stated for the record that Ms. Fitzhugh was submitting additional documentation, also, today the City received a 45 page document from attorney Bourke, that document was distributed to the Commissioners and a copy was also made available to the public.

Lou Perez, La Puente spoke against the medical marijuana dispensary.

Marisa Portillo spoke against the medical marijuana dispensary.

Xouchin Diaz spoke against the medical marijuana dispensary.

Alejandro Penida spoke in favor of the medical marijuana dispensary.

Attorney Bourke spoke in favor of medical marijuana.

Interim Deputy City Attorney Sparks addressed the letter received December 6, 2011, from Attorney Bourke.

Chairman Klinakis left the public hearing open.

Commissioner Costea informed Ms. Fitzhugh that her employee Maurice was on the social media website and he stated that he was a drug dealer.

Vice Chairman Duarte stated that he would like to see a more up to date evaluation report and would be in agreement to allow 30 days for the dispensary to submit additional information.

Vice Chairman Duarte moved and Commissioner Young seconded to continue the item to the February 7, 2012, Planning Commission meeting at City Hall to allow Desmond, Marcello & Amster to provide an updated evaluation report.

The motion carried with the following roll call vote:

AYES: Brown, Young and Duarte.
NOES: Costea and Klinakis.
ABSTAIN: None
ABSENT: None

3. **Amortization Application for a Medical Marijuana Cooperative or Collective-LAX Patient Remedies, dba Azusa Patient Remedies. Consideration of a resolution relating to the application of LAX Patient Remedies dba Azusa Patient Remedies, for an extension to the City's amortization period, to continue operation of a medical marijuana cooperative/collective at 393 S. Azusa Avenue, La Puente, California.**

Assistant Planner Chow presented the report.

Lt. Cacheiro explained secondary negative impacts of medical marijuana dispensaries.

Mr. Amster of Desmond, Marcello & Amster (DMA) presented the valuation report.

Chairman Klinakis opened the public hearing at 10:02 p.m.

John Chang, Manager for Azusa Patient Remedies, spoke in favor of medical marijuana.

Chairman Klinakis asked how long Azusa Patient Remedies had been open and how many members are registered.

Mr. Chang responded they have been opened for two years and there are about 3,000 members.

Discussion ensued on the reason why Mr. Amster's firm was not allowed in the back of the store. It was because he was not a patient. However, the Sheriff Department was allowed in the back.

Commissioner Young asked how much business had picked up since the other medical marijuana dispensaries had closed.

Mr. Chang responded that business had doubled.

Commissioner Costea asked how does the MMCC operate in the red and how do you fund your operation when it keeps losing money.

Mr. Chang responded he took money from the LAX business and included that LAX had since closed down.

Lou Perez, spoke against medical marijuana.

Chairman Klinakis moved forward and did not close the public hearing.

Discussion ensued on information submitted to Mr. Amster.

Assistant Planner Chow stated that Azusa Patient Remedies lease expires on January 2012.

Interim Deputy City Attorney Sparks stated for clarification that the applicant was provided with sufficient information concerning the end of the amortization period which is February 2, 2012, they are not permitted to expand the use after that time there may be some issues if they choose to enter into a new lease knowing that the amortization period expires February 2 and the lease expires January 31, 2012.

Vice Chairman Duarte stated he wanted to be fair to both medical marijuana dispensaries. However, there are different circumstances here before us and asked Mr. Amster if there was more overhead at this dispensary.

Mr. Amster responded in the positive. He then gave the difference in operating costs.

Commissioner Costea stated that he would like to remind the commission that Mr. Chang had not made a profit, and was unclear on how much amortization time Mr. Chang would need to make his money back.

Commissioner Young stated that he would like to make a motion to extend the amoratizion period the same way that the commission did for La Puente Co-Op.

Interim Deputy City Attorney Sparks stated that she strongly suggested to Commissioner Young, that course of action given that their lease expires January 31, 2012, any renewal of a lease could be considered an expansion of a non-conforming use, if they expand it, they are no longer a legal non-conforming use and not entitled to the extension of the amortization period, like a legal non-conforming use.

Chairman Klinakis stated that the motion died due to lack of a second.

Chairman Klinakis moved and Commissioner Costea seconded that the Planning Commission adopt Resolution No. 11-1447, denying Azusa Patient Remedies' Application to extend the amortization period to operate a medical marijuana cooperative/collective at 393 S. Azusa Avenue, La Puente, California, and directing staff to file a Notice of Exemption, pursuant to Section 15270 of the CEQA Guidelines. The motion carried with the following roll call vote:

AYES: Costea, Young, and Klinakis.
NOES: Brown.
ABSTAIN: Duarte.
ABSENT: None.

RECONVENE THE DEVELOPMENT REVIEW BOARD:

~~UNFINISHED BUSINESS BEFORE THE DEVELOPMENT REVIEW~~ BOARD: None

NEW BUSINESS BEFORE THE DEVELOPMENT REVIEW BOARD: None

UNFINISHED BUSINESS BEFORE THE PLANNING COMMISSION: None

NEW BUSINESS BEFORE THE PLANNING COMMISSION: None

ORAL COMMENTS FROM THE COMMISSION:

Vice Chairman Duarte thanked Mr. Amster, Lt. Cacheiro and staff for being present.

Chairman Klinakis stated he would like to see some sort of database set up to keep track of the doctors who supply these types of prescriptions.

ORAL COMMENTS FROM STAFF: None

Chairman Klinakis moved and Commissioner Young seconded to adjourn: The motion carried with the following roll call vote:

AYES:	Brown, Costea, Young, Duarte, and Klinakis.
NOES:	None
ABSTAIN:	None
ABSENT:	None

ADJOURNMENT:

Chairman Klinakis adjourned the meeting at 10:25 p.m.

Secretary, Planning

~~Vice~~ Chairman Duarte