

Dear Supervisors,

I am focusing my comments on proposed regulations for **Microbusinesses**. As often happens, when County staff attempts to pigeonhole new concepts into old regulations, the mismatch creates more problems, confusion and conflict with other regulations.

As “Vandy” Vandewater admitted when he presented recommended changes to the Facilities Ordinance on April 19, 2021, staff had no antecedent County code that addressed a Microbusiness license as established by the Bureau of Cannabis Control (BCC). So, staff thought... a Microbusiness means a small business as are Home Occupation and Cottage businesses. In fact, this pigeon holing is a colossal mistake!

The BCC intended a Microbusiness to allow small companies to facilitate “cultivation to sale” of their cannabis products. The state, however, erred, in my humble opinion, by not containing all Microbusiness activities to the permitted premises. County staff has recommended all Microbusiness activities be contained to the premises, which I support, **but has created unnecessary restrictions that thwart reasonable business development that will allow small cannabis businesses to compete in an environment favorable to large, corporate enterprises.** If this Board wants to encourage the thousands of small cannabis businesses struggling to survive myriad regulations from the state and county, with a viable local ordinance, please reconsider the Microbusiness license as locally applied.

- The BCC considers the Microbusiness License type a typical commercial license; NOT attached in any way to a residence.
- The BCC does not restrict the number of employees the business may engage.
- The BCC does not restrict the number of potential customers who can visit the premises, in any time frame.
- The BCC has designed the Microbusiness license to allow for one business entity to include cultivation, manufacturing, distribution and retail activities within a 10,000 sf or smaller premises.
- The BCC application fee for a Microbusiness is \$1,000 and the license fee varies based on gross receipts. For gross receipts of \$1M or less (applicable to most all if not any outdoor cultivation size of 10,000 sf or less), the license fee annually is \$5,000. For gross receipts of \$1,000,001 to \$2M, which may apply to very ambitious indoor or mixed light cultivation activities, the license fee is \$12,000. Unfortunately, many companies throughout the state have corrupted the Microbusiness concept and because the state did not contain activities of the license to the premises only, these licensees have used their distribution, manufacturing and retail component as if they were independent and general licenses.

Therefore, **the County is fair and reasonable to limit Microbusiness activities to the premises’ products and activities ONLY, thus allowing a viable small business model for existent legacy cultivators to transition to a regulated industry.** This transition should be our mutual and primary goal in Mendocino County.

The confusion and conflicts created by Staff trying to pigeonhole a Microbusiness license into Home Occupation or Cottage License are discussed below in green,

From Staffs' recommended language(F) Microbusinesses, pages 15 and 16.

- (1) Microbusiness, as defined herein, shall be the use type which is the predominant use type of that microbusiness. **How can a predominant use type be defined if all activities of a Microbusiness license contribute equally to the success of the business?**
- (2) Microbusinesses with on-site cannabis cultivation must comply with and obtain a permit pursuant to ~~Chapters 10A.17 and 20.242~~ of the Mendocino County Code. **Does this mean that a Microbusiness CBLH must also obtain a County cultivation permit? How counter productive, burdensome, expensive and ignoring the reason for Microbusiness licenses as designed.**
- (3) Microbusinesses with on-site processing, distribution, wholesale, manufacturing and/or retail sales or dispensing of its products shall comply with all applicable sections of this Chapter. **Delete this section. All Microbusiness activities will be on-site by definition in Mendocino County.**
- (4) Microbusinesses proposed in the General Commercial (C2) zoning district must demonstrate that the retail component of the Microbusiness is the primary use and other uses are incidental and subordinate to the retail component. **Delete this section. When all Microbusiness activities are contained on one premises, 10,000sf and smaller, all activities are relatively equal, or the business cannot sustain itself.**
- (5) All components of a microbusiness must comply with the development requirements of the zoning district in which it is located. **As with the state license, Microbusinesses shall be allowed wherever cultivation is allowed.**
- (6) The manufacturing of edible cannabis products is permitted in compliance with State of California regulations.
- (7) Notwithstanding Table 1 of Section 20.243.060, a microbusiness may be allowed in any zoning district provided that (a) the microbusiness either (i) qualifies as a home occupation pursuant to Chapter 20.156 or (ii) is permitted as a cottage industry pursuant to Chapter 20.160; and (b) there is a cultivation site permitted pursuant to ~~Chapters 10A.17 and 20.242~~the Mendocino County Code. **Delete this section. Microbusinesses must NOT be tied to Home Occupation or Cottage license criteria as described above.**
- (8) Microbusinesses which are either a home occupation or cottage industry shall (a) have any distribution component be limited to Self-Distribution or Distribution Transport Only – Cultivator CFBL types of the microbusiness' own cannabis and cannabis products and (b) have any retail/~~dispensary~~Retailer component be limited to

the number of daily customers as allowed by either Chapter 20.156 or Chapter 20.160. Delete.

Add:

(8) **The Distribution component of a Microbusiness license shall be limited to Self-Distribution.**

(9) All cultivation, manufacturing, distribution, and retail activities performed by a licensee/CFBL Holder under a permitted microbusiness shall occur on the same licensed premises, **with the exception of delivery of products grown or manufactured on the premises.**

I beseege you to construct a Microbusiness license that is appropriate to Mendocino County and the predominance of local stakeholders whose survival revolves around converting small cultivators and manufacturers to a sustainable business model.

Do small production wineries and microbreweries require a residence on site? NO! Can small production wineries and microbreweries offer tasting on site? YES! A cannabis Microbusiness should be the same.

A 10,000 sf or smaller, and premises contained Microbusiness is sufficiently scaled to be a stand-alone license type. Adopting the recommendations herein, combined with fees lesser than or commensurate with the state's, will create a viable and sustainable pathway for existing and new permittees. **Please liberate a Microbusiness license from the existent County Code for Home Occupation and Cottage where it does not belong.**

Farm Tours

Regarding Farm Tours as presented by staff, I recommend that the Board consider site-specific road conditions differently than proposed. Only Sup. Gjerde may remember that the original cultivation ordinance language discussed site conditions relative to "public roads or publicly used private roads". Somehow that verbiage has morphed to "publicly maintained roads", which adds a new criterion to previously established cultivation licenses where farm tours are concerned.

For example, my cultivation site is located on a 40-acre parcel, ½ mile off Orr Springs Road (publicly maintained) on Running Springs Road, a publicly traveled but private road. Running Springs Road is a Road Association maintained gravel road, and membership participation in road maintenance via the Road Association is a deed restriction. In many places Orr Springs Road is more poorly maintained than the half mile of Running Springs Road a farm tour would take to my property!

Anyone visiting my farm does not pass a single residence on Running Springs Road. There is no significant traffic impact. Yet, the suggested language in the ordinance requires that I must spend thousands of dollars for a County use permit to consider allowing farm tours to visit my farm on one half mile of road in better condition than my nearest "publicly maintained road"??? What is wrong with this picture? Please direct staff to draft additional language that takes into consideration allowing farm tours to use well maintained "publicly traveled private roads".

Respectfully submitted,

Corinne Powell