



July 12th, 2021

Re: BOS Meeting 7-13-2021 Agenda Item 5e

Dear Honorable Board of Supervisors,

The Covelo Cannabis Advocacy Group has reviewed the materials for Agenda Item 5e in regards to the Master Fee schedule and proposed changes for various cannabis fees. We have outlined our questions, concerns and suggested amendment changes for the Board's consideration below.

1. ***In Attachment 3, an Initial Cannabis Application Review is increasing 87% from \$881 to \$1648.51.*** While we understand the County must maintain cost recovery for all fees, CCAG would appreciate a breakdown of what additional hours would be required for the review to warrant such an increase? Is this review accounting for Air Quality and SSHR review? Once the portal is open for 10A.17 cannabis applicants, will these initial fees apply to current embossed receipt holders since they are undergoing a new review? Does an initial cannabis application review apply to applicants that will be applying for a use permit under Chapter 22.18?
2. ***Does the Renewal Fees include both the Application Review as well as the actual Permit Fee?*** If not, we request that Staff clearly state what the total fees for a renewal application will be under the new Master Fee Schedule. It's important for cannabis operators to understand what the total costs are to renew a permit each year.
3. ***Create a renewal fee structure that is much less when applicants are making no changes to their operations, and not adding any structures to a compliance plan.*** A

renewal with no changes should take less Staff time to review, and therefore should be reflected in the fees.

4. **How were the hours determined for each proposed fee increase?** Especially for Cannabis Minor and Major Use permits, which will primarily be for those utilizing the upcoming Chapter 22.18 Land Use Permit process. How does the County know how much those fees will actually be if they have not received applications yet, and therefore do not fully know how many Staff hours it will take to conduct the review?
5. **Is it necessary to charge a full Administrative Permit fee for Chapter 10A.17 applicants that apply if only a slight modification to their cannabis application is needed?** If the reason an applicant needs to transition from one ordinance to the other is because of a small mitigation to satisfy CEQA requirements, CCAG requests that a special Administrative Permit fee be created for applicants transitioning from 10A.17 to 22.18 under these circumstances. These would be streamlined applications that have already undergone an extensive review through Chapter 10A.17 and the Appendix G #15168 checklist application process, which may have been denied due to a need for a permit to be conditioned.
6. **CCAG requests that Mendocino County consider a tiered approach for each permit size and style.** The state collects licensing fees based on size and style of the cannabis operation and it would be great to see that reflected in our cannabis program. It's unfortunate to see smaller license types paying the same fees as a business up to 4x's their size.
7. **The County has stated previously that the Appendix G applications would be charged an hourly fee of \$90 for review.** The changes to the proposed fee schedule state in Attachment 3 that Appendix G applications are being reviewed at a current rate of \$881 and will now be reduced to \$693.33. CCAG would like clarification with respect to these fees since this is the first time the community has heard that Appendix G fees were \$881. If the review takes less time than accounted for under this proposed fee structure, would the fee be reduced for the applicant?
8. **CCAG requests clarification of what a Cannabis Pre-Application Conference is, as this is a new fee being proposed.** If Staff could explain this new fee in more detail, it will help our group have a better understanding of the importance of this new fee.
9. **CCAG supports fee reductions for Cannabis Business Tax Appeals.** While we appreciate anything the County can do to bring fees down, we want to express the

concern for specialty cottage farmers that may need to file a tax appeal. If a hearing was needed, the fees altogether would total \$1414.82, which is \$164.82 more than the specialty cottage minimum cannabis tax fees (\$1250). As you can see it would make no sense for a farmer of this size to appeal taxes simply for the fact that the fees cost more than the tax required. Perhaps the County can revisit the fee structure to make adjustments so that the appeals process is feasible for cottage operators.

CCAG understands that fees need to match cost recovery. In order to support the amended changes we request a further explanation of the findings that support the increased fees. Specifically the analysis that was conducted to determine how many hours each task will take for staff. It's important to note that increasing permit fees at this time further discourages participation in the legal market. Striking the right balance is necessary for not only the participants engaging in the permit process but also for the County to pay the proper wages to employees to conduct the work. With more analysis given to the community for this agenda item, it would garner more support if the fees were more clearly identified.

We hope these points will be addressed during the Board discussion, so that we can make adjusted public comments as needed. CCAG would like to offer our support for the Mendocino Cannabis Alliance memo that highlights the differences in cannabis fees in comparison to similar reviews with other industries.

Thank you for the opportunity to engage and provide our feedback. We appreciate your time and effort to ensure an accurate fee schedule is adopted.

Respectfully,



Monique Ramirez

For the Covelo Cannabis Advocacy Group