



January 31st, 2022

Re: Board of Supervisors Meeting 2/1/22
Agenda Items: 4d, 4e, 4f, 4h

Dear Honorable Board of Supervisors,

As we are now in the beginning of a new year, we are still faced with many obstacles to overcome. Yet our group feels optimistic that we can overcome the many challenges before us. We have set our goals for 2022 and want to continue working closely with each other to ensure no farmers in our community are left behind. There are many opportunities for assistance in helping operators stay in business this year with various grants, possible tax reform, etc. Our County can offer even more local support to our cannabis operators by adopting the recommendations submitted by Hannah Nelson on the topic of Farming and recommendations made by the Mendocino Cannabis Alliance touching on many important topics. We have provided comments on each agenda item for your review outlined below.

4d) Discussion and Possible Action Including Acceptance of the 2020 Mendocino County Crop Report Presentation from the Assistant Agriculture Commissioner (Sponsor: Agriculture)

With great enthusiasm, CCAG is pleased to see a Cannabis Crop Report as part of the 2020 Mendocino County Crop Report Presentation. It has been a long road to receive this acknowledgment. We appreciate the pictures that were part of the report and hope to see more regenerative growing practices highlighted in the future.

It's very apparent, based on the information provided in the report, that cannabis (which uses far less water than most other agricultural crops) holds the highest crop value in our County. Something to be celebrated and cherished. We hope this report sheds light on the economic value our licensed cannabis operators bring to our County in tax revenue. We appreciate the side-by-side crop comparison offered in the MCA memo and the message they bring to the table around creating a standing committee for cannabis in our County.

To ensure we have outstanding crop reports in the years to come, it's imperative that our County utilizes all solutions offered in these board meetings by MCA, CCAG, Hannah Nelson and other very important stakeholders to overcome the challenges many of our cannabis operators are facing currently. If these issues are not taken seriously and addressed this year, Mendocino County will stand to lose far more than just tax revenue, but important pillars of our community.

4e) Discussion and Possible Action Including Adoption of an Ordinance Terminating the Urgency Moratorium on Commencement of Phase Three Cannabis Cultivation Permitting under Mendocino County Code Chapters 10A.17 and 20.242 (Sponsors: County Counsel, Planning and Building Services and Cannabis)

CCAG supports terminating the moratorium on the commencement of Phase Three Cannabis Cultivation and allows applicants that are eligible with the required zoning to apply for a cannabis permit. Many applicants have been waiting for many years to be able to submit an application and it's only right that they have an opportunity to apply. Historically CCAG has been supportive of Phase 3 that allowed up to 10,000 sq. ft. of cultivation in the zoning table outlined in our current ordinance.

However, we still have 990 applications that have not transitioned into a County permit, many of which have been waiting in the queue since 2017. We urge the Board to ensure that new applications from Phase 3 will not jump ahead of the Phase 1 and 2 applications already in line by directing MCP Staff to process new applications in the order they are received, so that existing applicants are not put on hold again.

4f) Discussion and Possible Action Including Acceptance of an Update from the County of Mendocino Cannabis Program (Sponsor: Cannabis)

Many cannabis applicants have expressed deep frustrations with the MCP. Whether it's for issues related to the portal submission process, stalled progress with their Appendix G applications, constant changes with the Local Equity Grant requirements or new policies related to cannabis permit renewals. We support the recommendations submitted by both Hannah Nelson and MCA for this agenda item.

We also urge the Board to review the detailed history of the contiguous expansion issue raised by Hannah Nelson. As applicants are undergoing Appendix G review, many edits are being requested that may not be necessary as it relates to contiguous expansion within 200ft. The language is clear it pertains to plant canopy expansion, however some applicants

undergoing the Appendix G review process have reported that they must prove that structures used for drying of cannabis must be located within 200 ft of the cannabis site to avoid a further CDFW SSHR review. We request clarity from County Counsel and the MCP if this interpretation is in fact correct.

The MCP report fails to acknowledge many of the issues we are facing. The equity grant for instance has been a nightmare to say the least. There have been constant delays for many applicants with communication with their underwriters and management. This is unacceptable. No one knows if or even when they will receive this important grant funding. How is it February and still no funds have actually been given out? The charts provided in this cannabis update do not explain why no one has received funding to this date. We hope the MCP Director will be able to provide an update in real time during the presentation on the exact status of the program in greater detail than the agenda materials provide.

Here are questions we have concerning the equity grant funding:

1. What is the hard deadline for applicants to receive direct grant funds that have applied?
2. How long does it take for a direct grant budget proposal to be approved by MCP?
3. How long does it take for insurance policies to be approved?
4. When did it become a requirement for applicants to submit quotes for items they wish to purchase in relation to the direct grant funding?
 - Why was this particular requirement not asked during the budget proposal submission process?
 - Why is there no place to upload these documents on the LEEP website?
5. Why does it take up to 32+ days for an underwriter to respond to an applicant?
6. How can an applicant find out the true status of their application when faced with delayed responses from LEEP?
7. When did County Counsel complete the template for the MCP to begin using?
8. How many budgets are the MCP reviewing each week?
9. How many direct grant budget proposals is the MCP approving each week?
10. At this time, is there any concern from either the MCP or LEEP Elevate Impact that the funding is in jeopardy to be returned to the State?

CCAG recommendations:

1. Require LEEP to respond to applicants within 3 business days to avoid unnecessary delays
2. Clearly communicate application status with applicants
3. Provide an update regarding Technical Assistance
4. Provide an update regarding Fee Waivers
5. Provide an update on direct grant budget proposals
6. Allow applicants to use the funding for anything that can help improve their business such as marketing purposes, logo design, brand consultation, taxes at the State and Federal level.
7. Provide a clear list of all the categories allowed for direct grant expenses with multiple examples on the LEEP website.
8. Outline the exact requirements once the funding has been issued so it's clear to the applicant, such as providing receipts of funds spent on items within a certain timeframe
9. Provide information for how to amend a budget once approved and funds have been awarded to an applicant, if an issue arises with a vendor
10. Do not require applicants to provide quotes of items listed on a budget since many estimates are only good for 30 days and funding is taking longer than that for applicants to receive making the quotes/estimates invalid
11. Provide an Example W-9 Form filled out for applicants to reference and post on the LEEP and County Website

4h) Discussion and Possible Action Including Review, Adoption, Amendment, Consideration or Ratification of Legislation Pursuant to the Adopted Legislative Platform (Sponsor: Executive Office)

CCAG wants to formally recommend that the Board add the following items to the Legislative Platform for 2022:

1. Support cannabis cultivation tax reform by elimination of the tax
2. Support the reduction in excise tax at the retail level
3. Support an amendment to Child Resistant Packaging requirements for Flower products only, to reduce cannabis waste in the industry
4. Remove the Type 5 license as there is too much cannabis already being produced state wide
5. Promote the ability for direct sales for small farmers
6. Lobby for State building code reform to allow processing of cannabis without an F1 designation (especially for farmers with zero employees)

We appreciate the opportunity to provide our comments and recommendations on all of these agenda items and hope they will be taken into consideration during the board discussions.

Respectfully,



Monique Ramirez

For the Covelo Cannabis Advocacy Group