

Karla Van Hagen - Public Comment for BOX Meeting Tuesday June 20, Item 5d

From: Jed Davis <jedasiah@gmail.com>
To: John McCowen <mccowen@co.mendocino.ca.us>
Date: 6/19/2017 9:40 PM
Subject: Public Comment for BOX Meeting Tuesday June 20, Item 5d
Cc: Carre Brown <browncj@co.mendocino.ca.us>, Dan Gjerde <gjerde@co.mendocin...>

Dear Honorable Board Members,

I would like to begin by stating my appreciation for your openness and willingness to listen to as well as implement the concerns of the many cannabis growers who are doing everything in their power to become a part of this new system. The words spoken to the growers by John McCowen at the Track and Trace meeting in Ukiah with regard to the discussions that are currently happening to make compliance as practical as possible was refreshing to hear. To have him acknowledge that many auxiliary costs built on top of the many concrete costs of the ordinance is making it very difficult if not impossible for many people to participate in the program.

Many of the costs that growers are incurring to become compliant are very easily heading into the tens of thousands of dollars. Many of these costs are coming from the cost to bring currently used buildings up to modern code compliance. When the planning dept. says that they need "engineered plans", growers are finding out that this means much more than the simple words uttered by the building dept. It means full engineered plans which address structural issues, ADA compliance issues, fire suppression issues and more. The plans alone may cost more than \$2000-5000 to have drawn for one building. Many growers have buildings several buildings to address. This is on top of the costs for cultivation permit applications and property profile (\$1500), Building Permits (\$500-1500 each), Track and Trace \$1050. Water Quality Control Board (\$2500), Waterboard Consultant (\$5000), Construction to bring buildings up to code (\$5000-20,000), ADA compliant Bathroom (\$5000-\$10,000), Greenhouse light dampeners for existing mixed light greenhouse (\$20,000), Fences and locks around grows (\$5000), Security cameras (\$1000-\$3000). Inspections (\$500), and of course, legal consultation (\$2000-5000). These costs can easily reach \$80,000 or more which is on top of the immense expense to grow the product for which future prices are uncertain, but certainly going lower. To further add to the difficulties of becoming compliant, currently the IRS does not allow any cannabis business expense right-offs other than the "cost of goods sold". That means that unlike EVERY OTHER business, cannabis businesses actually pay taxes on nearly 100% of their gross sales.

If the goal is to bring people into the program and into compliance, the sheer cost will most definitely keep that goal from being reached for the majority of growers. It is the sentiment of many growers that the process to become compliant is so expensive and filled with so many uncertainties that it is nearly impossible to predict a positive outcome. This uncertainty is magnified by the limited time currently being allotted for growers to come into full compliance, that they are just hoping that the money spent with the many various agencies plus retrofitting infrastructure will not be a waste of money in the long run should they not be able to successfully navigate the ordinance gauntlet.

I understand the need to hold the cannabis growing community to the same standard as other businesses, but the sheer expense coupled with the very short time period being required to navigate through the labyrinth of agencies, their processes as well as their requirements makes it VERY VERY difficult to focus on the ONE thing that will allow them to become successfully compliant, their business. If growers cannot focus on the demands of their crops to ensure a successful harvest, they will not have the money to make it to the end-line of this incredibly arduous and uncertain process. Due to falling prices over the last 5 years, I would say that it is safe to say that a majority of growers in our county are fairly strapped on cash. In addition to the ALL-consuming process of growing, the permit process is practically a second full time job.

Growers are taking a big risk legally and financially to move out of the shadows and into the legal/quasi-legal regulated arena, as evidenced by the recent busts by our Sheriff's Department on growers who were participants in last years program and were actively working to get all of their ducks in a row to enter into this year's program. I would like to suggest that the County consider keeping the current deadline for participants to get their applications in, but give a two or three year grace period for them to bring their properties and other aspects of their business into full compliance.

I also would like to encourage the current trajectory hinted to by Mr. McCowen of amending some of the more stringent and impractical requirements in favor of more common sense regulations that will work to bring people INTO the program rather than keep them out of it.

There is a lot of dust that needs to settle, and the less dust kicked up now the better it will be for everyone.

Thank you.

Jed Davis
Potter Valley