

TO: Mendocino County Board of Supervisors

FROM: Patrick Sellers, Streamline Development Solutions

SUBJECT: Chapter 6.36 - Cannabis Facilities Businesses & Chapter 20.243 Cannabis Facilities

Honorable Board of Supervisors,

Thank you for working to adopt a policy allowing for non-cultivation cannabis business licenses in time for this year's harvest season. We are at a crucial point in the development of the cannabis industry in our county and throughout the state. Investment capital is quickly finding a home in the regions and businesses with the greatest potential, and Mendocino County is viewed by many as a prime location for post-prohibition industry due to its history. However, this is only half of the equation. The future of the Mendocino County cannabis industry depends heavily on the policy decisions made now.

As with all other agricultural industries, the value of cannabis products is increased exponentially throughout the post-harvest phase when raw material is converted through processing, manufacturing and packaging. Ancillary business types like retail, testing and distribution stand to benefit by being located in well known production regions. And these regions - especially Mendocino County - have an unparalleled opportunity to capitalize on this brief moment in history. This can't be understated. Counties, whether they realize it or not, are competing with each other through their local policies for the business, investment and overall economic growth associated with the regulated, post-prohibition cannabis industry.

It is important that the county adopt a policy that encourages and provides immediate opportunities for the start-up and influx non-cultivation businesses. If this doesn't happen now, these businesses will not wait. They will form elsewhere and the potential will be lost.

**Specifically, I recommend the following changes to the current draft of the Cannabis Facilities Code that are consistent with the Mendocino County General Plan:**

- 1. Provide Provisional Licenses to all Cannabis Business License applicants in zoning designations requiring only a Zoning Clearance.**
- 2. If an AP, UP or MUP is required then Provide Provisional Licenses to all Cannabis Business License applicants on the condition that they sign a waiver agreeing to hold harmless the county in the event that the permit is ultimately not granted.**
- 3. Allow Microbusiness Licenses in all non-residential zones where cultivation is allowed in Phase 3. (AG, I-1, I-2, P1)**
- 4. Allow Microbusiness Licenses in all non-residential zones where cultivation is allowed and a permit has been applied for as part of Phase 1. (AG, RL, FL, TPZ, I-1, I-2, P1)**
- 5. Allow all non-cultivation license types except Volatile Manufacturing in C-1, C-2. (including Processing, Distribution, Testing, Non-Volatile Manufacturing and Retail)**
- 6. Allow all non-cultivation license types except Volatile Manufacturing (including Processing, Distribution, Testing, Non-Volatile Manufacturing) in all non-residential zones where cultivation is allowed and a permit has been applied for as part of Phase 1. (AG, RL, FL, TPZ, I-1, I-2, P1)**

(See attached 'Extended General Plan Consistency Analysis' on the following page)

## **EXTENDED GENERAL PLAN CONSISTENCY ANALYSIS**

This analysis is intended to present findings within the Mendocino County General Plan which expand upon, and respond to, the analysis provided by county staff on 9/7/17 and 10/3/17.

### **ECONOMIC DEVELOPMENT**

**Principle 2-2a: Emphasize long-term and sustainable economic and community needs over short-term gains.**

**Principle 2-2b: Promote a vibrant, diversified and stable economy.**

*Comment: A long-term, sustainable, vibrant, diversified and stable economy in Mendocino County is more likely if the county chooses to capitalize on the potential value brought in by a thriving post-prohibition cannabis industry. Specifically, by allowing non-cultivation business types the opportunity to exist throughout the county by designating sufficient land to accommodate the projected influx and allowing them outside of our limited Industrially zoned land.*

**Principle 2-2c: Support the county's resource-based economy and take actions that protect and enhance the county's diverse natural resources.**

- **Support the protection and diversification of the county's agricultural and timber-based businesses.**
- **Promote and enhance the county's tourism and recreational sectors, including tourism tied to historic resources.**
- **Promote small-scale or niche manufacturing using local resources for local or general use.**

*Comment: The sub-points of this principle emphasize the diversification of agricultural businesses, promotion of tourism, and promotion of niche manufacturing. Allowing Microbusiness licenses at all non-residential permitted cultivation sites achieves these goals.*

### **GENERAL LAND USE POLICIES**

**Policy DE-5: Designate sufficient land to accommodate the projected commercial, industrial, residential, and infrastructure needs** of each community, compatible with General Plan policies, site planning constraints, and local community objectives.

*Comment: In order to accommodate the projected commercial and industrial needs of the cannabis industry there needs to be significant land designated.*

**Policy DE-6: Land use classifications shall be broad enough to allow flexibility in implementation**, but specific enough to provide sufficient direction for carrying out General Plan objectives.

*Comment: This policy implies that the land use classifications should not have been designed to be so narrow as to not allow for flexibility in implementation. This seems appropriate considering that planning for the future needs to be able to accommodate hard to predict circumstances, such as the current state of the cannabis industry.*

## **INDUSTRIAL DEVELOPMENT POLICIES**

**Policy DE-52: Designate and maintain an adequate supply of land to meet growth demands for a broad range of industrial uses,** consistent with General Plan and community objectives, and environmental and infrastructure constraints and opportunities.

*Comment: If non-cultivation cannabis business types are primarily only allowed in Industrial Zones then this is in direct conflict with the goal mandated by this policy to maintain an adequate supply of land for a broad range of industrial uses. The cannabis industry will push out other industries as has started to happen in Sonoma County.*

**Policy DE-53: Discourage conversion of lands designated for industrial use.**

*Comment: Limiting the allowed zones for microbusiness licenses to industrial use will encourage the conversion of these lands to mixed agricultural, commercial, industrial use.*

**Policy DE-59: Promote a diversified industrial sector.**

*Comment: Limiting the allowed zones for non-volatile manufacturing, testing, distribution and microbusiness licenses to industrial zones will cause these lands to be populated by the cannabis industry at the expense of a diversified industrial sector.*

**Policy DE-60: Promote an agricultural sector with sustainable practices that minimize environmental impacts** and provides safe, decent, affordable housing for agricultural workers both on individual farms and in the local community.

*Comment: The cannabis industry will be regulated by the state licensing agencies beyond that of most all other agricultural sectors*

**Policy DE-61: Allow the consolidation of agricultural processing operations in areas with existing processing facilities and supporting infrastructure, in addition to location on industrial lands.**

*Comment: This policy encourages the allowance of agricultural processing operations in areas with supporting infrastructure. It would follow that there is justification for allowing industrial agricultural processing in areas outside of industrial zones in an effort to maintain a diversified industrial sector. Supporting infrastructure for a non-volatile manufacturer, distributor or testing facility may be found in commercial and other non-industrial zones.*

**Policy DE-63: Oppose development that undermines agricultural and timber-based operations.**

*Comment: It would be against this policy to encourage development that undermines agricultural operations.*

## **COMMUNITY CHARACTER POLICIES**

**Policy DE-75: Ensure that industrial uses in commercial areas do not create blight or disrupt commercial and pedestrian continuity.**

*Comment: This policy is only relevant if industrial uses are allowable in commercial areas. Processing, non-volatile manufacturing, testing and distribution should be allowed in commercial zoning as long as they meet this requirement and 'do not create a blight or disrupt commercial and pedestrian continuity.*

## COMMERCIAL AND MIXED USE DEVELOPMENT POLICIES

**Policy DE-48: Support business creation, expansion, retention and redevelopment to serve local and regional needs,** consistent with General Plan objectives.

*Comment: The local and regional need to create opportunity for the cannabis industry to thrive in Mendocino County are many and would be well served by a less restrictive zoning policy.*

**Policy DE-49: Expand economic opportunities that respect the individual character of each community area.**

Comment: Allowing Non-Volatile Manufacturing, Testing and Distribution in Commercial Zones would expand economic opportunities that respect the character of the county.

**Policy DE-50: Prioritize funding options, streamline development processes, and undertake similar actions to assist retention and expansion of existing businesses.**

*Comment: Allowing Non-Volatile Manufacturing, Testing and Distribution in Commercial Zones would should qualify as 'undertaking similar actions to assist retention and expansion of existing businesses'. If there is not sufficient land then these businesses will be forced to relocate.*

## LAND USE CATEGORIES

**Policy DE-16: Land Use Category: AG-Agricultural Lands**

General Uses: Residential uses, farmworker housing, **agricultural uses, processing and sale of agricultural products, cottage industries,** residential clustering, **uses determined to be related to and compatible with agriculture,** conservation, processing and development of natural resources, utility installations.

*Comment: All non-cultivation cannabis business types should qualify as 'uses determined to be related to and compatible with agriculture' and should be allowed in AG zoning.*