



3/25/2018

Board of Supervisors:

RE Item 5c of the March 27, 2018 business meeting

Esteemed Commissioners,

Flow Kana is pleased to support the amendments in Item 5c as recommended by the Planning Commission in Resolution number PC_2018-0007.

Amendments to Section 20.243.070

Flow Kana applauds the amendment to 20.243.070 approved by the Planning Commission on March 1 and presented to you for your consideration. The amendment recommended to the "Exceptions" section of the Cannabis Facilities Code is commonsense. Flow Kana raised the issue with the County prior adoption of the CFC on October 17th, 2017¹.

The basis for our support originates from the goal of parallel treatment of wine and cannabis in Mendocino County. The former Fetzer facility we are retrofitting in the spirit of using existing facilities was previously allowed by the county to process, ferment, distill, package, label, test, distribute, consume on site, and sell to the public under its "Winery: Packaging and Processing" business license and maintain its Williamson Act contract.

There is no negative impact to Agricultural Preservation within the County as result of removing (A)(5) from the list of requirements. Per requirements (A)(1) through (A)(4), we are precluded from adding impervious surfaces, and all roads and sources of water and power must currently exist, as well as our sewage disposal system².

Amendments to Williamson Act Policies and Procedures

Flow Kana supports the amendments recommended by the Planning Commission to the County's Williamson Act Policies and Procedures document to align agricultural preservation policies with the emergence of a regulated cannabis industry in Mendocino.

The entire state is learning how a regulated cannabis industry will function best, and as appropriate the state delegates much authority to local jurisdictions to make relevant decisions. It is appropriate that Mendocino would use its local authority to revise its implementation of the Williamson Act to work in harmony with the cannabis industry toward the achievement of both agricultural preservation goals as well as incubation of the nascent cannabis industry..

The amendment to allow cannabis manufacturing and distribution as a compatible use to Williamson Act at existing Packing and Processing facilities is a great step forward to the County treating cannabis

¹ Flow Kana first raised this issue at the October 10th BOS meeting in public comment and in email communication with each Supervisor.

² Flow Kana expects that proper maintenance of roads, utilities, and sewage systems is in line with the conditions set forth in Section 20.243.070



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the way it treats grapes and wine. Flow Kana believes it is appropriate for the County's Policies and Procedures document to defer proper alignment of business type and zoning to the Cannabis Facilities Code.

Flow Kana greatly appreciates the attention paid to this issue and the sound amendments across two separate but related County statutes. The outcome of these changes, should they be approved by this Board of Supervisors, will be a stronger Cannabis Facilities Code and a well-coordinated Williamson Act implementation.

With respect,

Michael Wheeler
Vice President of Policy Initiatives
Flow Kana



Appendix 1: Relevant Information

What is the Flow Cannabis Institute?

The Flow Cannabis Institute is California's first cannabis campus. It is based here in Mendocino County to address the most significant hurdles faced by small farmers in California's new regulatory framework. The primary challenge for Mendocino's small farmers will be absorbing the anticipated drop in wholesale market prices while scaling up to compete with large, vertically integrated producers.

The Flow Cannabis Institute, purchased in March of 2017, will be housed in the buildings and on the property formerly owned by the Fetzer family which was once a hub of grape processing and wine production. A multimillion-dollar rehabilitation and renovation effort is currently underway to reuse these buildings to process cannabis for farmers, produce value added products, and comply with state testing regulations.

Providing these services in one central location will give Mendocino's farmers the support they need to survive in the new regulatory environment. Without a central processing facility, these activities will be forced to remain on the farms in a manner that does not comply with state regulations and produces a finished product that is not competitive in the retail market.

What is the relationship between Flow Kana and the Flow Cannabis Institute?

Flow Kana is the anchor tenant of the Flow Cannabis Institute. Other tenants are also envisioned to support the goal of providing farmers with every service they would need to get their product to market in a compliant and efficient way. Specifically, other tenants sought by the institute are a cannabis extract manufacturer and independent testing lab, in addition to the packaging, processing and distribution provided by Flow Kana.