



COUNTY OF MENDOCINO

Department of Agriculture

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MEMORANDUM

DATE: December 1, 2022

TO: Board of Supervisors

FROM: Department of Agriculture/Weights & Measures

SUBJECT: Cannabis Crop Report

The Department of Agriculture/Weights & Measures (AWM) has spent considerable time exploring ways to present the value of cannabis production for the county. In this effort we sent out crop report surveys, examined minimum tax as received by the County for permitted entities, and we worked collaboratively with the Mendocino Cannabis Department to understand how we might extrapolate a production value based on estimated yields based on permitted square footage for the different cultivation types. While we did prepare and distribute surveys to cultivators and nursery operators, participation in these surveys was extremely low (only 2 of over 1300 surveys were returned). Compounding this dilemma is the fact that we as a County do not have access to the State's Track and Trace (METRC) data, which would allow us access to manifests indicating transfers of flower, trim, and nursery plants between licensees. This data is not available through public records act requests.

We have approached this quandary by attempting to arrive at a production value based on the following assumptions: that legal growers cultivated the maximum permitted square foot canopy based on their permits/licenses, that each grower harvested the same yield per square foot based on industry averages per cultivation type, and by comparison of minimum tax assessment received by the county between 2020 and 2021 we could identify an increase or decrease from the previous year while taking into account price changes per pound for the different cultivation types.

While this does allow us to prepare and present an estimated production value, inherent in this value are a number of assumptions. First, that the base amount of taxes collected is accurate and indicative of the number of permitted entities that actually cultivated. Second, entities that did grow, maximized their square footage, and had the maximum number of harvests based on their license type. And third, that the assumption of yield was equitable across all production types. Understanding that several licensees did not cultivate in 2021, and those that did may not yet have sold product into the supply chain for the 2021 crop year, this further compounds error in these assumptions of production.

Due to the error inherent in this methodology and the lack of certainty, as well as the lack of participation in surveys, we do not feel at this time that presenting an estimated value of production is appropriate to include in the County's Agricultural Crop Report, for which other crop production values are known and more accurately reported. There are potentially significant variations in value dependent on those unknown variables.

Moving forward it will be imperative that we devise a method for collecting and presenting cannabis production values. The Agricultural Department has a growing and good relationship with the Cannabis Department, and we have worked closely with Director Kristin Nevedal to explore how to best present cannabis production values. Absent more active and transparent participation in the crop report surveys by permitted industry participants, we believe that an amendment to the county cannabis land use ordinance should include the requirement for all permitted cultivators, processors, and nursery operators to provide Track and Trace (METRC) data to the Cannabis Department or Agriculture Department for the purposes of more accurately reporting cannabis production value in the county's crop report. If the county ultimately endeavors to holistically embrace cannabis as a viable industry in the county's economy, then we must work towards accurately reporting its economic contributions to the County. This goes beyond Crop Report production values, but we feel that this recommendation will provide a foundation on which to build.

