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**Date:** 8/26/2019 6:14 PM  
**Subject:** Economic Development Ad Hoc/Planning and Building Services recommendations re: Cannabis Enterprise Zones

**Corinne Powell**  
**Ukiah, CA**

August 26, 2019

Dear Supervisors,

Following are sections of the Economic Development Ad Hoc and Planning and Building Services proposal and recommendations pertaining to Cannabis Enterprise Zones. I requested to participate in the stakeholder meetings with the Ad Hoc but unfortunately did not receive a response. Forgive me if any of these topics were asked and answered during the stakeholder meetings. I have not heard the Economic Development Ad Hoc held or has announced a date for a public meeting on this subject.

My questions pertaining to each paragraph of the sponsors legislative text are inserted in red.

Please ask for clarification from the Ad Hoc and participating staff on the issues I raise before taking any formal action on the Ad Hoc's recommendations.

Excerpts from Legislative text:

Agenda Title: Discussion and Possible Action Including Direction to Staff to Develop Cannabis Enterprise Zone Plan (Sponsors: Cannabis Economic Development Ad Hoc Committee (Supervisors Williams and Gjerde) and Planning and Building Services.

1. What are the criteria for Cannabis Enterprise zones as determined by the Ad Hoc?
2. What current zones are being considered for Cannabis Enterprise zones? Will a new zone be created for Cannabis Enterprise zones?
3. Will property and sales tax waivers, similar to waivers offered to developers of the former Masonite parcels, be offered to landowners or developers where Cannabis Enterprise zones can be located?

(Discussion and Possible Action??? Becomes--??) Recommended Action/Motion: Direct staff to develop Cannabis Enterprise Zone plan in collaboration with industry to allow for 1-10 acre cultivation, a fee schedule sufficient to generate revenue necessary to cover a project EIR for the zone and current/pending cultivators and explore feasibility of limiting zone participation to existing (County) license holders.

1. How will staff develop Cannabis Enterprise Zone in collaboration with industry? Who in the industry? How will industry participate in developing the Cannabis Enterprise Zone plan?
2. Will Cannabis Enterprise zones require mixed license types, i.e. cultivation and process, etc. or can cultivation occupy ten acres by itself? How large can Cannabis Enterprise zones be?
3. Who will help staff develop a plan to create new cultivation licenses allowing cultivation licenses between one and ten acres?
4. Will cultivation permit size increases be allowed in all current zones where cultivation is allowed?
5. Will all current cultivation license styles be allowed in Cannabis Cultivation zones?
6. How will Cannabis Cultivation Zone cultivation license sizes be determined?
7. Sarah Dukett has stated emphatically in Working Group meetings that Phase One cultivators are covered and protected by the current Mitigated Negative Declaration. Is that assurance no longer valid.
8. Does an EIR only pertain to new and expanded Phase Three and Cannabis Enterprise zones?
9. Will cultivation licenses in Cannabis Enterprise zones be transferable?
10. Will there be a cap on the number of large acreage cultivation permits (1-10 acres) issued by the County?
11. Will a one-acre permittee pay four times the fees and taxes currently assessed on a current 10,000 sf cultivation permittee?
12. Will a ten-acre permittee pay forty times the fees and taxes of a current 10,000 sf permittee?
13. If an EIR is approximately \$1M, and funding is imposed on cultivators, who will be the lead agency and who will choose the consultant?
14. If only current permittees are eligible to apply for enterprise zones space, will their current, fully vetted local and state parcel's permit be transferable?
15. Will all current Phase Three regulations apply to Cannabis Enterprise zones?

Previous Board/Board Committee Actions: None.

Summary of Request: The Cannabis Enterprise Zone is a mechanism to steer growth towards appropriately zoned and positioned parcels. A fee schedule can be crafted so that the participating applicants self-fund a project EIR to cover both the enterprise zones and the small farms presently relying (and in some cases held up as provisional) on our CEQA Negative Declaration.. The zones should support multi-use including cultivation, nursery, processing, manufacturing and ag worker housing. Placement should avoid traffic through residential areas. The plan should encourage colocation and

shared facilities. The zone concept has potential to significantly grow jobs and generate county revenue.

1. Will Cannabis Enterprise zone participants potentially cover costs of a County wide, all cultivation sites, inclusive EIR without contribution from Phase One permittees?
2. Will all cultivation permit types and facilities permits be allowed in Cannabis Enterprise zones, including Microbusiness and proposed Cottage Microbusiness?
3. What setbacks will be required for Cannabis Enterprise zones?
4. How will water needs be evaluated and allotted to cultivations in Cannabis Enterprise zones?
5. How will power be allocated to Cannabis Enterprise zone activities?
6. How will shared facilities be regulated to prevent cross contamination?
7. Will the prohibition of more than two permits per parcel and two permits per person apply to Cannabis Enterprise zone applicants/owners?
8. Will shared facilities be co-permitted?
9. How will ag worker housing be included and funded? A certain amount of space in each zone? Who will own, build, manage, ensure space for canna workers at reasonable rents??
10. Will Cannabis Enterprise zone cultivators be limited to no more than one larger than 10,000sf permit? Or some limitation so to prevent a monopoly and price fixing?
11. Will a cost and benefits analysis be done to compare fewer businesses with expected jobs vs. many small businesses with increased access to employees? (i.e. ten, ten-acre cultivation permits with 40 employees per or 400 new jobs vs. 1000 small farms with two employees for 2000 new jobs?)

Please consider these ideas and questions during the discussion of this agenda item tomorrow? Please don't get ahead of the concept without much more data to inform your decision. Enterprise zones for any other industry would be easier to create and manage to success for all concerned than cannabis. No rushing required except from a few deeper pocket companies who tend to gain, a lot, by stacking cannabis permits and licenses. For example, a processor or distributor or holder of both licenses, who can get a cultivation license for ten acres (and potentially 30 acres of crop if they dep) just slashed their operating costs as they no longer buy from cultivators driving prices down.

We need a broad local discussion on shaping expansion of the cannabis industry in Mendocino County.

Thank you for your consideration.

Sincerely,

Corinne Powell