

Mendocino County Board of Supervisors,

We write to you today with a tempered optimism going forward for the Mendocino County cannabis industry. On one hand, the 2016 California ballot proposition fundamentally changed the tradition and legacy of the Mendocino cannabis industry as we know it; this will never be the same. On the other hand, now is the time to right some of the wrongs that crushed so many businesses aspirations of legal operations. The current regulations in Mendocino County are not designed for successful, scalable operations. We feel that it generally has kept good players out of Mendocino County and encouraged black market cultivation to continue as it has for the past decades. Currently the size of legal farms in Mendocino county are not large enough to generate the revenue required to cover expenses, licensing and permitting fees, taxes, and the competition from the black market required to generate sustained profits. We hope that the Board of Supervisors takes this opportunity to revisit the structure of the Mendocino County cannabis industry and sets it up for success for generations to come.

Cannacraft is in a unique position. As a cannabis industry leader based in Sonoma County, we do business in many California counties. Being so close to our roots, we support any efforts in Mendocino County to ease access to licensing, scale cultivation and process legal cannabis throughout the state market. With the right structure in place, Cannacraft will look to Mendocino County in order to stay closer to home for our cannabis cultivation needs. We believe the time is right for Mendocino to take on counties such as Santa Barbara, Lake, Yolo, San Luis Obispo and Monterey and that have enabled large cannabis cultivation operations.

We want to voice our support for an ordinance that aligns with the ability to scale to state regulations. We need an ordinance that is zoning based. We need to be able to apply for license sizes in any manner the state would approve in their overarching framework. We need flexibility in how cannabis companies can configure their grow sites. We need sensible taxes for growth no higher than the current tax rate of 2.5%. We need to be able to operate while we parallel track with environmental reviews just as Lake County is structured.

There is overwhelming evidence that counties can successfully mirror the current state regulations in order to have a successful cannabis program. We hope the Board takes this opportunity to re-evaluate the current ordinance for Mendocino County cannabis cultivation. We would hate to see other counties expand and loosen California cannabis regulations elsewhere, while Mendocino gets left behind. We encourage the board to act in the best interest of the legal cannabis companies that provide employment, tax revenue and most importantly a competitive outlet to the black market.

Thank you for your consideration,

Ned Fussell