

Chair Gjerde and members of the Mendocino County Board of Supervisors, January 25, 2021

I strongly encourage support for the first version of Chapter 22.18 that was posted with the Agenda and not the "Final Draft" that was posted later. The first version substantially incorporates previous Board direction to: 1) develop a streamlined land use based permit system for new applications; 2) allow expansion subject to a Use Permit; 3) allow new permits in Rangeland subject to a Use Permit. These changes are essential to ensuring sustainability of the cannabis industry in Mendocino County. Without expansion there will not be enough legally grown Mendocino Cannabis to claim market share and build brand identification. Without new permits in Rangeland there will not be sufficient sites suitable for expansion.

The Agenda Summary states that staff expects 85% of Phase One applicants will fail to obtain a State annual license. This is due in part because many are on sites where it is difficult to get approval due to proximity to streams, steepness of grade and other site characteristics. Without new permits in Rangeland and without expansion, there will not be enough potential cultivation sites to sustain the industry. Phase One applicants in particular will have no path forward unless all three major reforms are adopted. The reforms contained in Chapter 22.18 are critical to ensuring equity for Phase One applicants.

The Use Permit process, which includes a Public Hearing, will assure that cannabis cultivation operations are properly situated and conditioned to protect neighborhood quality of life and the environment. Availability of water will be a critical part of the Use Permit process. Without suitable site characteristics and proof of water, permits will not be approved. But without expansion and new permits in Rangeland, the industry will fail to reach its potential and will likely decline as current and potential applicants seek opportunity elsewhere. Without these critical reforms millions of dollars in investment capital and the living wage jobs they will fund will go elsewhere. Mendocino County will be deprived of the investment, the job base and millions of dollars in annual discretionary tax revenue that is vitally needed to fund Fire and Emergency Medical Services, Mental Health, roads, cannabis enforcement and other critical County services.

The draft of Chapter 22.18 references "new permits" but based on the mounting evidence that up to 85% or more of Phase One applicants will not be able to obtain a State annual license it is foreseeable that Chapter 22.18 will become the fall back position for many Phase One applicants. Likewise, as a practical matter it will not make sense for staff to continue administering two separate cultivation ordinances. Accordingly, even successful Phase One applicants ought to be transitioned into Chapter 22.18 as they come up for renewal. This should be able to be accomplished based on a streamlined Administrative Permit since the site will already have been approved locally and by the State.

Finally, as a matter of equity for Phase One applicants who have pursued entry into the legal market in good faith, I encourage the Board to consider allowing Phase One applicants to apply for permits under Chapter 22.18 based on the parcel sizes and zoning that applied to their original Phase One applications. This can be accomplished by one or more asterisks and footnotes to the Zoning Table. Likewise, the original application fee for Phase One applicants

ought to be applied as a credit against the fees required by Chapter 22.18 with the balance of the fee eligible to be paid from Equity funds.

In conclusion, I strongly encourage you to endorse the first version of Chapter 22.18, including the three critical elements of: 1) adopting a land use based permit system; 2) allowing expansion with a Use Permit; 3) allowing new permits in Rangeland with a Use Permit. I also strongly encourage you to reject the proposed last minute revisions to the Exemptions that have been carefully crafted over the years to protect neighborhood quality of life. It does not make sense to give a green light to outdoor backyard cultivation which will fuel the illegal market, create neighborhood conflict, and greatly diminish neighborhood quality of life.

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