

To: Mendocino County Board of Supervisors

Subject: Item 5g: Phase cap on cannabis cultivation

Dear Chair Gjerde and Board:

Thank you for continuing to take the time to consider the impact of the cannabis industry on the future of Mendocino County. We appreciate the effort to craft the best policy possible both for the stewardship of our beautiful County and for the economic viability of the emerging legal cannabis industry.

I have written letters of support throughout the Phase 3 negotiations, and feel like we are at a turning point right now with the considerations on the table. So thank you for listening to some of the realities of our business today.

I am lucky. My family is lucky. We are a small, independent, multi-generational family ranch. My father-in-law manages the grapes and olives, and my husband and I manage the cannabis business and the grazing contracts we have. We own enough contiguous parcels to run a one acre sungrown legal cannabis operation. We have been able to sell our entire crop to legal distributors in the county since 2018. We have been able to tolerate the regulated price and pay the taxes because of our *relative* scale. With an eye towards future expansion, we have added two college graduates with degrees in horticulture to our team this year. One of the main selling points of joining our team was because they both saw the opportunity to learn from us how to grow cannabis regeneratively and at scale. And yet, I worry every day that I won't be able to grow their careers as much as promised, as the future of our industry is constantly in a state of doubt.

The ability for a cannabis farmer in Mendocino County to do what they do best is gravely at risk with the downward pressure on the market price plus the restriction on scale right now. At current market price, I already would need to have a minimum of 2 acres in 2021 to stay solvent in our business. One could second guess me on cost of production, etc, but we do everything as efficiently as possible, and I don't know if that matters. I study the numbers constantly in a state of anxious optimism. In order to continue, there is a real chance that I would have to take on outside investors in order to continue operations, or sell our farm. The family does not really want to do either of these things. We are currently able to remain independent and we hoped to offset anticipated pricing drops with an increase in acreage in 2022. Our business plan in

anticipation of Phase 3 being approved was to expand to 5 acres, less than 2% of the total allowable for our parcel. Our site, water availability, setbacks, and environmental reviews all point to us being in an ideal location for expansion. If we can't do this in Mendocino in a reasonably expeditious manner, we run the risk of being shut out of the industry entirely. The time is now to allow reasonable expansion of farmers such as ourselves. Otherwise, we are going to be truly left behind.

We support a phased approach to scaling up our operations so that we will be able to find a path to profitability, continue to create good jobs, and change the perception of the cannabis industry in this county for our detractors to be something to be extremely proud of.

Thank you for your time.

Ingrid Tsong

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