

July 7, 2025

Lake County Board of Supervisors
255 N Forbes Street
Lakeport, CA 95453

Re: *July 8, 2025 Agenda Item 6.9*
Consideration of Summary of Cannabis Policy Recommendations and Request for
Board Direction

Chair Crandell and Honorable Supervisors:

This firm represents numerous cannabis operators in Lake County. We submit this comment in relation to the above-noted agenda item to express concerns with certain recommendations for the update of the County's Cannabis Ordinance.

INTRODUCTION

To open, we want to address the overarching purpose of the update to the Cannabis Ordinance.

As a general comment, we want to draw the Board's attention to the challenges faced by the cannabis industry. The cannabis industry, both state-wide and within Lake County, faces a variety of unique challenges. It is regulated at both the local and state levels, oftentimes with contradictory or duplicative requirements. These regulations require discretionary permits, licenses, or authorizations which are often costly and time-consuming to obtain. A single cannabis permit application can cost hundreds of thousands of dollars, span thousands of pages, and takes years to obtain (an undertaking almost no other agricultural operation is forced to pursue). The industry faces multiple levels of taxes and fees, as well as administrative requirements that lead to high costs. The industry is subject to frequent inspections, and violations can be costly and difficult to address. Coupled with these challenges, the cannabis industry still must compete with a black market, which according to the state's most recent research, still dwarfs the amount produced legally.¹ This black-market competition, of course, is not subject to the litany of challenges faced by permitted operations summarized above and new regulations on licensed operators make it more difficult to compete with this unlicensed market.

¹ The Department of Cannabis Control's 2024 annual report noted that licensed and permitted cannabis cultivators produced 1.43 million pounds of cannabis, while unlicensed operators produced nearly ten times more at approximately 11.4 million pounds.

(ERA Economics LLC, *California Cannabis Market Outlook 2024 Report* (Jan. 2025), available at: <https://cannabis.ca.gov/wp-content/uploads/sites/2/2025/03/California-Cannabis-Market-Outlook-FNL.pdf>.)

It is also critical to note that the legal cannabis industry within Lake County is an important economic engine. This industry employs hundreds of individuals, pays millions in taxes to the County, and, as a corollary, feeds into other facets of the local economy. Permitted cannabis operators are an important part of the community and operate as any other agricultural operation within the County would. Much like the myriad vineyards, ranchers, and farms- the cannabis operators help drive the economic success of the County and their specific communities.

It is within this backdrop that the County seeks to update its Cannabis Ordinance. The County's main objective in this undertaking should be to streamline, simplify, and optimize cannabis oversight within the County. For instance, the County should focus on synchronizing County and state requirements to assist permittees comply with the two levels of regulation. The County should also focus on removing obstructions to compliance and not adding additional layers of complexity.

However, as described in more detail below, many of the recommended changes to the Cannabis Ordinance, would only add more onerous restrictions and costs on cannabis operators. As described herein, and echoed by many other commentators, the County should avoid these pitfalls and help promote and support the local cannabis industry.

With that in mind, this correspondence turns to several specific recommendations before the Board.

I. Changes to the Farmland Protection Zone Boundaries or Regulations

The initial comment relates to the Farmland Protection Zone (FPZ) regulations. This Board, on January 14, 2025, directed staff to make no changes to the FPZ regulations or zones. Despite this directive, there still are many comments, both from the Cannabis Task Force (COTF) and the public, relating to the FPZ. Specifically, Planning Commissioner Rosenthal pushed for this item to be included as part of the recommendations before the Board.

We would strongly encourage that the Board adhere to its earlier directive and disregard all comments relating to the FPZ. As has been made abundantly clear at the COTF, the Planning Commission, and before this Board, changes to the FPZ would negatively impact many operations and result in numerous existing operators being barred from renewing permits.

II. New Site Reclamation Bond the \$50,000

The second comment relates to the recommendation that would direct staff to investigate new site reclamation bonds to \$50,000. We would strongly encourage that the Board not direct staff to undertake this course of action.



As it currently stands, state law requires cannabis licensees to obtain bonds of \$5,000 for potential site reclamation. (California Code of Regulations, Title 4, section 15002(c)(22).) The County currently has no formal bonding requirement(s) for cannabis operators.

The addition of bonding for “reclamation” has numerous issues. As an obvious first point, adding additional and duplicative costs on cannabis operators would further harm the cannabis industry which, as outlined above, already faced a myriad of administrative and regulatory costs. It is also unclear if there is an institution that would be able to issue \$50,000 bonds for cannabis operations in the County, or what the fiscal impact of issuing these bonds would be.

Perhaps a more potent issue with this recommending bonding requirements comes from the fact that it is unclear what the bonding would be for, or the precise definition of “reclamation.” Would the County require any cannabis operator to reclaim its property to the pre-permitted state? What if grading or construction had occurred? What if the property owner desired to maintain the property without reclaiming it? Who would decide what effective reclamation consisted of? These questions and the answers to them are conspicuously absent from this recommendation, and without addressing these the County would be adding more vague requirements.

Moreover, the County already has numerous mechanisms to address permitted sites that are abandoned or not properly closed out. The County can pursue public nuisance claims or cite the property owner for various other County Code violations. Adding an extremely high bonding requirement on top of these only serves to penalize the permitted cannabis operators, while serving no ultimate benefit.

As such, we would recommend that the Board does not direct staff to investigate bonding requirements.

III. Adding Homeschools to the Required Setback from Schools

The final comment relates to the recommendation that homeschools be included under the definition of “schools” and subject to a setback. We recommend that the Board does not recommend this action.

The County’s Cannabis Ordinance currently requires cannabis cultivators to adhere to a 1,000-foot setback from any school, public or private. (See Lake County Zoning Code Art. 27.3(at)(v).)

Homeschools are generally governed by the California Department of Education. The requirements are that an individual file a “private school affidavit.” (Cal. Education Code § 33190.) Beyond this there are few other requirements to follow.

If the County allows homeschools to be considered as part of the cannabis setback, it has a very real possibility of creating numerous non-conforming uses when neighbors to cannabis permittees file



private school affidavits. Without any forewarning, cannabis cultivators would be faced with noncompliance with the zoning requirements, and upon permit renewal, could be barred based on the existence of a single nearby homeschool. Additionally, the County would be hard-pressed to enforce this requirement. How would the County confirm the existence of homeschools during the application process? How would the County verify the homeschool student's presence at the home? Would the County have to rely on the veracity of the homeschooling individual? These are issues that are almost impossible for the County to address and would add more difficulty in administering the Cannabis Ordinance.

Additionally, it is unclear what the purpose of the proposed requirement is. If the concern is cannabis odor, should this same setback apply to any odorous agricultural operation? For instance, would cattle ranches have to comply with this same requirement? Would pig farms? Would other agricultural operations?

Obviously, this would create administrative problems for the County, and uncertainty for the cannabis operators. It is simply a poor idea.

CONCLUSION

As is set out in the introduction, the cannabis industry faces abundant challenges not faced by other agricultural operations within the County. These challenges, including an ever-shifting landscape of regulation both state and local, has led to an unclear future for the industry. Therefore, we respectfully request that this Board continue its efforts to streamline and simplify the oversight of the cannabis industry and avoid recommending additional arduous requirements which would continue to erode the ability for the industry to function effectively.

Sincerely,



James I. Anderson, Esq.
Everview Ltd.

