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Benmore Valley Road  
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County of Lake  
Board of Supervisors  
255 N. Forbes Street  
Lakeport, CA 95453

Supervisors:

I am writing to comment on the Board of Supervisors meeting on 6 February, 2018 and to provide input on the Draft Cannabis Ordinance.

I was surprised there was no discussion of the potential income from the rapidly growing cannabis industry at the board meeting on the 6th. While I do support an increased sales tax to provide for public services, taxes are regressive by nature, will slow economic growth, and put additional burden on the poorest people. Taxes only make sense in a growing economy.

The idea of spending \$100,000 to commission a comparative compensation study of surrounding counties to help set salaries to increase employee retention seems contradictory -- spending money you do not have, to study how you can spend more money you do not have. I would hope the collective mind-share in Lake County can come up with a better plan.

The key to economic growth is diversity. We need to add smart growth to fuel the tax revenue; cannabis, grant funding for community services, and high-tech workers who telecommute are all potential driving factors. Cannabis was noted as a suggested area of growth during your recent community visioning workshops, but was ignored at the last board meeting amidst a budgetary crisis. I would never suggest the cannabis industry is a "white horse" that will ride in and solve all the problems. I do, however, submit to you that it can be one significant piece of the puzzle. I have extensive background in business development from a career in Silicon Valley and would appreciate it if the board would give me the benefit of the doubt as I advocate for Lake County.

There is a clear distinction between clean, professional regulated operations and sketchy black market operations. Often critics confuse them. Let's get beyond emotional stigmas and take a hard rational look at the opportunities.

For the most part, small growers will not survive a transition to the regulated market since the profit margins for the cultivation will be very low, even at large scale. The black market operations will

continue to be a problem, perhaps worse than before the regulated market, as most growers have no reasonable path to compliance. We need money to keep the black market in check.

We need to focus on enforcement to clean the county up. The issue is personal for me as I have had illegal grows on neighboring land burn down an illegal trailer and dump raw sewage in the reservoir at the head of the watershed. My complaints went unanswered by the Sheriff. Code compliance issued one red tag for an illegal structure then no follow up for years. It is still there. For the safety of my family and ranch, I need strong enforcement. It is not a cannabis issue, but an economic issue.

The regulated cannabis industry is expanding rapidly, much faster than projected a year ago. It is transitioning to a commodity outdoor row crop with a business model that parallels the wine industry; bulk feed stock grown in rural counties and sent to large facilities for processing.



The ideal scenario is to have large, well vetted, concentrated cultivation operations, on remote land, nowhere close to the community or traditional agricultural crops. All of the feed stock generated will go directly into the manufacturing pipeline. In other words, we can maximize revenue without having any negative impact on the environment or local cultural heritage. Whether the state designates it as a "crop" or "product", farmers are farmers and we need to respect their skill and dedication.

At a board meeting, years ago, Supervisor Brown pointed to the Benmore Valley on a map and asked; why can't we have all the cannabis cultivation up there? He identified the Benmore Valley as an ideal location for large scale cultivation. The answer is: there is no reason we cannot have a substantial project on the Benmore Valley and on other remote fallow land. I would like to thank Supervisor Brown for his support.

I've submitted a memorandum to the Planning Commission prepared by Brad Johnson. He is a preeminent land use attorney in California working with CalCannabis on state regulations. He has analyzed the Draft Ordinance for consistency with state regulations. Please note the intention of the memorandum is not to make policy recommendations, but, at the request of planning staff, to help

ensure that we have a clean implementation of the policy set forth by your board. I encourage you to read it. The recommendations leave all safeguards in place, while creating less red tape so staff can more efficiently process applications. We will have a revised memorandum before the next board meeting on 13 February. It's been difficult to provide public input, since the "reformatted" draft published on 5 February was a "red-lined" copy of the last published draft, but not all the revisions were marked, so, we have to re-analyze the entire document with almost no notice. Please try to give us more lead time for public input.

There is much fear that the Community Development Department will be overwhelmed with cannabis applications and unable to handle the workload within the constraints of the Permit Streamlining Act. That it is unlikely and should not drive policy. The application process is burdensome and there will be a small number of qualified applicants for the major use permits. It will be self-limiting. Once issued a county permit, the state regulations will be hard to implement. While there may be an initial flood of hopeful applicants, most will fall by the wayside. That is what happened in Humboldt and Santa Cruz counties.

I have met with Mic Steinmann, Community Services Director of Greenfield (<https://ci.greenfield.ca.us/>). He led the projects that are projected to generate \$10M/year in tax revenue. Mr. Steinmann has offered to travel to Lake County to make a presentation to your board at a forthcoming cannabis workshop to discuss the challenges and rewards of integrating the cannabis industry into a small rural community. I would suggest you reach out to him and schedule a fact finding visit to Greenfield.



Timing is critical. The industry is short on feed stock now, but, in a year or two, they will be up to capacity and Lake County will lose its strategic advantage as being an ideal location for a regional feed stock hub. Once we bring up cultivation the secondary economic effects are many, including jobs, regional manufacturing and distribution hubs, etc. The time is now consolidate our footprint into the industry!

I look forward to forming a strong, inclusive coalition amongst all the stake holders.

Thank you for all of your effort in forming a great policy under such dynamic conditions.

Sincerely,

Robert Adelman

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