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To: [CannabisEIR <CannabisEIR@santacruzcounty.us>](mailto:CannabisEIR@santacruzcounty.us)

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Subject: Fwd: comments and sugegstions to board (EIR)

October 27, 2017

Board of Supervisors
701 Ocean Street, Room 500
Santa Cruz, CA 95060

Dear Board of Supervisors:

Santa Cruz is leading the way towards implementing Prop 64. and county guidelines. The EIR report suggests that a more permissive approach would benefit our environment. As a resident of Aptos, I urge you to consider the more permissive approach when voting on this matter. The EIR report, while comprehensive and very thorough is not a perfect document.

I recommend to the board:

1. F-1

Change the F-1 (hazard Factory Industrial) and instead adopt the more permissive Type U (utility and Miscellaneous) It is very difficult for many of us to meet those requirements, especially the 120,000 gallon and a 20 foot wide access road as suggested. These requirements are harsh and are not required by other industries. The costs involved with this set up will discourage cultivators from attempting to apply for a license. Each 10,000 gallon tank costs roughly around \$5,000 dollars for a total of about \$60,000 dollars in water tanks alone.

2. Multiple License on Parcels

Currently only one license is allowed per parcel unless it is zoned CA and over 40 acres. I believe that consolidating licenses on the same parcel will allow for less traffic for deliveries of items to farms. It also helps to alleviate traveling on roads from employees having to travel to multiple locations. It will allow for couples to cultivate together and not have to move to different homes and live apart in order to use both licenses.

3. Permitted home on cultivation site

Cannabis cultivation is farming and should be treated as such. A permitted home is not required for any other business or farm. The fees for building a home and the permitting with the county will again discourage people from applying for a license.

4. Distribution

Create a reasonable fee structure allowing for cultivators to distribute their own products to licensed dispensaries. I have contacted many Cannabis distribution companies and the fees are a whopping 20% – 30% for their services. This will create a big burden for smaller family farms.

5. Increased Canopy Size

The more permissive approach will allow for cultivators to have more space for their clones and mother plants which don't flower but provide a necessary part of cultivation. It makes sense to allow cultivators to use the maximum space. It will also benefit the county with more tax revenue.

6. Fees

Could be the single most important factor in moving cultivators towards the unregulated market. By keeping fees at a reasonable rate it will encourage more people to come forward. Legalization has created new fees for almost every facet of cultivation. Lab testing fees are now double what they were and are up to \$140 dollars per pound.

Example fees:

1lb sun grown flower sold at \$1200 per pound (market price)

- Lab fees \$140
- Distribution fee \$240
- 5% County tax \$60

- 15% State tax \$180
- Cultivation costs \$200 - \$350
- Manufacturing costs \$50-\$125 dollars per pound.

This leaves the cultivator with very low profit margins and will deter people from obtaining a license, but will also put families out of business because they simply cannot afford these fees.

The Eir Report acknowledges that unregulated cannabis gardens are the greatest danger to the county's environment and therefore will create a huge black market. The effectiveness of this licensing program should be to maximize participation and to protect its residents and county from black market grows and the crime associated with them.

Sincerely,

Terry