

Cannabis Applicant Panel Meeting

The following pages are notes from the 3 March 2017 Panel Discussion for Cannabis Applicants.

The first portions are the highlights from each panel member's opening comments, followed by highlights of the Question/Answer portion of the discussion.

The text has been digitally transcribed from the audio recording and edited where possible to eliminate errors in transcription and administrative comments.

Please remember these are "notes not quotes" from the discussion.

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Jeff Dolf County AG commissioner for Humboldt county. You know I started going to meetings on this more than two years ago and here we are two years along in the process and I realize you know we're really only just getting started it's really still just a beginning and so we're still learning through this process and my agency and office have been working with the industry in a few different program areas currently if any of you or doing weights and measures if you are using scales commercially and you're using those scales to establish a weight we would be working with you to help you understand what those requirements are and help you come into compliance so I can entertain any specific questions that you have about that the other area where you might need information or you might have questions in regards to the use of pesticides we do have guidance from our state partners in regards to use of pesticides by producers in the cannabis industry so we can address that with you. The other thing that we could talk about would be track and trace. I think most of you are aware that we did a pilot project for for track and trace track and trace is a component of the state legislation and in order to become proficient and to also include that proof of origin which is identified in the state legislation we had a pilot project an approach to that high. In the track and trace program that included that track and trace printing and so we ended our pilot project on Tuesday the twenty eighth that ran from August first to February twenty eighth we ended up having more than thirty five thousand stamps applied to over three thousand pounds of Humboldt county produced medical cannabis so. The pilot ended on Tuesday and we are working on finalizing our RFP. Going forward we hope to issue that no later than next Friday so those are three areas that you may have questions about and that we can help you. In regards to handouts I'll just mention if there are any specific questions you have we do have handouts on pesticide use requirements and weights and measures requirements so thank you appreciate the opportunity to speak with you all and look forward to your questions.

Kason Grady senior resources control engineer for the North Coast Regional Water Quality Control Board. The water boards protect water quality both ground water and surface waters and we regulate discharge of waste in order to protect those waters and so in August two thousand and fifteen we adopted a regulatory order that generally requires cultivators growing over two thousand square feet of cannabis to enroll in our program. Smaller cultivators may also be required to enroll if there is a potential discharge of waste. So we regulate all property wide activities associated with cannabis cultivation as well as legacy conditions on properties that may pose a threat to waer quality, Including sediment discharges from roads and other areas. This this is focused on people that are trying to enroll. I'm kind of curious myself how many people are enrolled or were in the process of unrolling with water board. A lot that's great thank you and we currently have. The last official number I checked was around fifteen hundred people Northcoast enrolling. But I think it's more closer to seven thousand eight hundred at this point. OK so. Given that two thousand square foot threshold is a general requirement for enrollment deadline has passed, meaning that we can start enforcing on people that don't enroll and we've started doing that going through priority watersheds with Roman Foresman efforts you may have read about in the papers we just did one recently in Trinity County. And. So that's the fact of that's working out really well and we're processing people in order. Generally you need three things, appendix to the order Appendix E. and the fee ,so I say the fee is the name address parsing number signature and tear

and then see some reporting information I'm happy to answer questions about that in terms of enrollment processing times right now. If we receive a complete package it happens instantly but. We rarely or we don't always receive a complete packages so it takes a back and forth and we have a communication gap we're working on we're currently hiring some new staff that's my main priority right now have some people coming on in March and then I also want to talk more broadly so our orders inFACT and you can enroll and you can submit your Notice of Intent Like I said you're obligated to not completely last we receive all three things but there are some nuances with some people in this month's certainty of whether they're going to get their permit from all the other agencies our recommendation is if you're not entirely sure if you're going to proceed with your operation or not. You're always welcome to submit a partial application you know it's not complete until we receive the fee and all documents but if you submit a notice of intent that gets you in the door and get you started in a May actually expedite processing with other agencies. So given that our orders and a fact and it applies I also need to give some context to the state. Water Resources Control Board Sacramento's developing an order based on our order which is Central Valley order to two pilot programs and slated to go out for public comment. I can't give an exact date because I'm not I'm not running the program this summer with hope for. Hearing this fall because they're trying to get it in place prior to January twenty eighth. Same thing goes with the division of water rights they're not here, but you know they're in the process of developing their principles and guidelines and the smaller geisha news program and so. I'll leave it at that I'm open to questions but. There's a requirement to enroll lot of people are doing it and and it's currently a requirement from many of the counties in our region including some accounting to get the license.

Patrick Henning, your neighborhood tax collector represents something called Employment Development Department. some of you may have probably heard about some of its parts. What we do primarily is collect employment taxes for the state which include unemployment insurance disability insurance and all the rest of the employment taxes that are wrapped in there. We also run the programs unemployment insurance program so people get to collect their unemployment check for me their disability insurance checks are paid family leave checks and good employers to pay into those accounts, but we also operate what we call the Workforce Services Division some representatives here for that there's actually an office just down the street that handle helping connecting people with work and. That's one of the sort of best parts about running the unemployment system is we also get to run the system that connects people back to get them back to work within that we also have several other smaller divisions much like our labor market Information Division. And I'm proud to say today we actually announce the state has a five point one percent unemployment rate which is historically extremely low and Humboldt County actually has a four point nine percent which is lower than the state average so you guys are doing extraordinarily well for this region in this part of the state, better than a lot many years before that. So why am I here and why do you guys really care well. Welcome to being a good business in California. Now pay your taxes and so, That's kind of why I'm here to say look we have and want to make sure that your dollars as easily as possible get into this get to the states so that we can afford to pay for all the wonderful things like abatement on our roads and highways making sure that people go. The types of benefits that we just talked about your unemployment your disability checks and things like that. How this affects you is what I will tell you is that in this industry know it or not the folks that you have employed or brought into business have already started to file for unemployment. In the offseason or when you've laid them all. What happens when that happens is they file their unemployment we go check to see if they have a business been paying their business taxes for the state and if they haven't then we got to go do an audit and nobody wants a tax audit Nobody wants a tax audit so let me help you make sure that you guys can do it on the front end and be a good part of being a good employer in the state of California and be good your employees and that's really kind of what this is for your unemployment help those people just get through a little bit of a tough time or even frankly the offseason and I know a lot of folks probably even in this room have used one of the systems because frankly it is really that little bit to get you through. There's a

new law that's come into place I'll also trigger taken harder look and one of the reasons why I'm so happy to be here it's a little law that was passed to try to help all businesses in the state of California pay these taxes it mandates electronic filing of your taxes. All businesses all large businesses already are mandated So fifty a more and all businesses will be mandated the beginning of next year to pay their taxes electronically many of you are not using. A bank system for payroll. And what I will tell you is that the reason why I'm very happy that we have a booth in the back of the room and a lot of you grabbed a folder of Claire Jennifer Mike and Heidi are all back there they can make sure you have the right information. But in the folder when the most important forms is this it and says right on top e-file mandate waiver request. On there you will see this is basically an exemption form from filing online paying your taxes online electronically electronic pair paying taxes when you look at the box where it says reason lack of automation economic hardship federal exemption from file I try to clean and then says other good cause a good cause to me in that department is you are unable to have a bank account. I don't need to get into the details of. But you're unable to have a bank account for lots of different reasons. My department is in the business of collecting taxes from employers. So long as you're a legal employer in the state of California it is my job to get your taxes I'm not going to stop and question any of the other things that you know but I want to talk about a people may want to talk about your dollars we accept cash we accept all forms of payment because again we need your damn money. We have lost to pay for the state we take a lot of pride in the things that we have in this state so some of the reason why a lot of you are here is because how beautiful our state is in the things that able to provide. That comes out of cost that's are tax dollars. We want to make that easy we have a great arrangement with the Bank of America and a few of our other banks in the state which we make the transition between it being a marijuana dollar a cannabis dollar or whatever you want to call it dollar to a tax dollar that's a magical transition. That happens really good and I'm already in the side I'm talking too much but that happens with us bureaucrats but what I want to say is very much appreciate being here we're here to answer any questions that you have. I very much appreciate the folks having us here from home bolt but I'd also tell you any particular questions about your case or others the folks in the back will be able.

John Ford I'm with the planning of building department I just really want to give you a few comments so I will not say too much. first of all I want to give you just a date on the state of the planning and building department we you all know we received twenty three hundred over twenty three hundred applications so at this point we've done a sort between those that are complete those that are incomplete we've moved into the actual processing of applications right now we've got eight full time planners planning technician and administrative analyst doing nothing but working on cannabis applications so we are getting on top of it and in fact the latest numbers show we have now one hundred seventeen applications complete which is up thirty in like the past ten days so that's tremendous. there's a lot of work being done to get complete applications complete now thanks to our primary objectives right now are to really take in on are the work that people have done to get that complete applications and keep those moving forward that requires a lot of staff time working internally and so one of the things that we're doing is trying to balance our time between being available for public questions and doing the work it takes to move applications through the process so we have set up hours where campus planners are available to county or at the counter or excuse me on Monday Thursday and Friday and then for our consultants that have several or many applications to talk about we're scheduling meetings to talk about those larger applications and answer questions but in walk ins in phone calls are being taken on Monday Thursday and Friday. One of the things I'd like to talk about too is just being in compliance. we've been getting a lot of questions about you know can we start now and in fact there's a lot of new cultivators who want to start want to start putting in ponds want to start putting in green houses want to start grading and the reality is that's a violation of the code. I mean there is allowance for people who have existing roads to continue to grow we thank you for submitting your application being on track doing everything you need to do not talking to you right now if you're if you're if you're a new grower and you don't have a permit yet you know get the permit first please. If your existing grow or if your start

to put in substantial permits I just discourage you from doing that. the reality is is to put in an unauthorized improvements it is a violation of the code and it's declared a nuisance by the code in it it does run the risk of putting you in jeopardy with your standing with the state of a good standing. So I just want to discourage you from getting too far out ahead of us I know it seems like as Bob mentioned you know submitted December thirtieth Where's my permit the reality is this does take a little time we're going as fast as we can and we want to keep everybody in compliance and get this thing done in a fair and reasonable manner. We're also finding that there's a lot of cultivation sites that are on roads and there's a lot of demand on those roads that are either substandard roads or have water quality issues. so one of the things that we're going to be starting to do is talk to you about your applications because it's either going to be an individual that has to evaluate the whole road or what we'd like to have happen is everybody who has an application on those roads to get together do want to share the cost of the analysis and then if there's improvements to work on those improvements together so that it really will save everybody time and money to be collaborative in that way so we're going be talking to you about that don't be surprised by that. And I just want to give you some of a heads up that or that have applications in close proximity to existing residential areas. If you haven't been watching the news we've been getting a lot of pushback and so if you've got a special permit which is going to require public notice and then potentially a public hearing just anticipate that that will probably end up at the Planning Commission. And so I just want to be just kind of give you a heads up on that and then you've probably heard the judge found in favor of the county with the lawsuit on the existing order. So everything is a go, no hold ups on that and though we are also moving ahead with the modification of the ordinance to address Prop sixty four adult use of marijuana and potentially look at other areas where cultivation could be allowed in we hope to have this done within the yard by the end of two thousand and seventeen thank you very much.

Scott Bauer senior environmental scientist supervisor with the department's watershed enforcement team and I got to say it's great to see so many people here actually interested in in compliance you know we've been here a number of years talking to you guys talking to everybody about fixing this and so it gives me a lot of pleasure to see everybody. How many people here have applied for a permit from us please see your hands it's great we have four hundred Laker stream but alteration agreements. Either finished or in the process and that's that's quite a bit but it's twenty three hundred forty seven something like that in the queue and so we have a lot more people that need to Come see us and talk to us our watershed enforcement team is composed of three teams actually there's one here in Eureka we now have five people we used to have just one so we can help. we're and we're here to talk you know you give us a call La people know Dave back there day he's been doing a lot of permitting and we have a bunch of new people so we want to work with you. we have a team in Napa and we have a team in Redding and so we're working all over the state our teams are composed of scientists and game wardens So we do both permitting and enforcement so people that don't get a compliance you know they might feel the wrath of our of our enforcement efforts. The one problem that I see so we have people getting permits and permits are for diverting water and for working with or around streams, building roads across streams working in riparian areas the forest along the stream and so we require permits for that and we have four hundred. now a problem is not many people are complying with the conditions in the permit so we see a need to turn in a log that said you know how much water you use that we say we want to completion report when you when you fix your roads and we're not getting those so this isn't just an action where we we want to collect the permit fees no we want you to do the work we want to know about it so we can check you off and say Never look at that site again. hopefully you know we don't want to deal with that anymore we have plenty of work to do so follow your conditions of your permit and You have you can't get in in time call us because now we have to go back and it's either going to be we revoke the permit make you start over again and pay new fees or be fined people or who knows what we're going to do but we don't want to do that we want to move on with the four hundred people say see a later and move on to the next point, so people so please follow you conditions of your permit. You know we do enforcement

and the great thing about getting people into the system is less people we have to do enforcement on you know I see people I was out the other day and there's a rented excavator on the side of the road all muddy and there's a bulldozer up on the Hill creating a flat, do not be working in the winter time it's against the law and it causes problems not just for us but for the water board for the county nobody should be working in the winter time and the fines I will say we have new and enforcement ability so we don't have to go the DA anymore and prosecute we can do that ourselves through a civil administrator process we have, a we say these people did three hundred thousand dollars in environmental damage and then we do get out with a defense attorney and we've got two cases that have gone through one with for seventy five thousand dollars plus for mediation plus one hundred dollars in remediation and another case for about two hundred forty thousand dollars so there's a substantial amount of money come through these fines it's way cheaper to pay the fee and work with and work with you know our personnel to deal with this issue so come come see us we want to be busy we hear from consultants expect a tsunami of applications and we haven't seen it yet and we want that to happen but we want to bury us and permits so we can feel like things are changing out there and we hope it's going to happen so. The future is you know we're going to we're Permitting people we're going to continue to do that we're also going to do enforcement. For some it and there's and there's stuff going on out there that shouldn't be happening and you don't want a visit from from law enforcement so please work with us thank you for coming here and participating and we're here you know don't be afraid people call me call our other personnel and they don't leave their last name and there's nothing to be afraid of anymore you know Joe Schmoe Joe from and leave a number and in the numbers for the mailbox is full you know make sure we can reach you and get back to you. I don't want to play tag all the time so then you look forward to working with you all.

John Bartholomew: the county treasurer tax collector the other tax guy up here today, but my responsibility will be to collect cannabis excise taxes for all the approved permit holders and I want to make sure everyone understands one thing... something that was recently decided is that these excise tax bills will be going to the landowner. So just make sure everyone understands that and it will be the responsibility of the land owner to make sure that these excise taxes are paid. We will have to billing cycles for excise taxes the first billing cycle will be done in March and It will be involving two installments or enabling two installments so the excise tax will be cut in half and the first installment will be due on April first and delinquent April thirtieth. On May. First that's when the penalties kick in and if you're worth the ordinance the first bounty is twenty five percent of what that tax installment bill is for and then every month after that it goes up ten percent more. Up to one hundred percent of the tax owed so it behooves the landowner to make sure that these excise taxes get paid timely because it will become costly otherwise. the second installment from this first cycle will be billed in October and be due November first and will be delinquent on December first so you have thirty days to get those things paid. And then penalties will kick in from there. Now the second cycle which will be for all the permits that are approved after the first billing cycle is sent out they will have one bill that is due in full and that will be billed in October due November first and delinquent as of December first and then be for the entire year so it will not have installments of just one bill the entire payment must be made within that due month of November. What happens if the excise taxes are not paid, well if they're not paid then your permit will be revoked for the following year so you must make sure that these tax excise taxes get paid or else you will no longer be legal. Cultivators in humble County once your permit is revoked, and I will leave it at that... and please let me know if you have any questions thank you.

Amber Morris: the branch chief for Cal cannabis cultivation licensing for the Department of Food and Agriculture. So I think about a year and a half ago the department was tasked with issuing a licenses for cultivators most of you know that there are three agencies involved in the industry for licensing industry I brought a handy dandy Handout if you guys haven't received it it's in the back and it has all of the licensing authorities website e-mails phone numbers so anything you don't get answered today any questions that come up in the future all of our contact

information is in the back and we are here to help so I want to think the planning and building department for inviting me today I think this is more their show than mine for sure because you have a first step and the first step is to get a local permit before you come to the state. I did want to commend the planning and building department for moving out so progressively. Many agencies are not this far along so let's give them a hand for that. thanks so we're working not only with county agencies but city agencies and it's over five hundred different local agencies it's hard to keep an eye on what everybody is doing but Humboldt County is definitely setting the precedent. I attended a meeting yesterday where people were very concerned about being able to cultivate outdoors you know our locals aren't allowing us to cultivate outdoors while the state doesn't have any ability to force the locals to do anything it's what the locals one in their community. But Humboldt County is going to set a very good precedent I think so that other local agencies can see that it can happen successfully. So I think that I just want to leave you with the fact that the Department of Agriculture really is doing its best with the complicated statutes that we've been given so I want to maybe it help you understand that we did not make the laws the lawmakers made the laws and then the California voters voted in Prop sixty four what we're doing is basically taking those laws helping refine them so that you understand what you need to do putting him in plain language so that you can understand easily what it is you need to do to get a state license but what we see as successful is making a program where you guys want to come we don't want to make it too onerous on you we don't want to make it too expensive but keeping in mind that there are a lot of laws taxes then waterboard Fish and Wildlife that you will have to comply with so we're putting together a compliance handbook I think Humboldt County also did that is the whole county. Yes somebody saying it's OK but what it is is basically when you come to this day you get your license but you will now be a legitimate license in a legitimate business in California which means you'll have to comply with the other things other businesses have to comply with and we're going to put together a handbook so that you understand what those other things are like OSHA standards. The Labor Relations Board there's a bunch of people coming at us like can you do this course can you do this course we can't do things for them but we can provide you information for them to get to the right people to make sure that you understand what you need to comply with it is complicated we are happy to help when you have questions so please make sure you get our contact information in the back and we are planning to start issuing licenses for both medical and adult use in January so it's a tight time frame for the state. But you guys are one step ahead of many many local agencies because your local agency has is moving so quickly that's it for me.

Billy Honsel: Thanks Amber I too recognize a lot of people in this room. OK sorry sorry sorry I'm trying to let my humor come out a little bit all right my name is Billy aHonsel the Undersheriff and welcome, welcome to legitimacy! it's really really good to see so many faces here, I do want to recognize Rex and Estelle because you know these are supervisors that kind of paved this path and put us all in the county on a rapid timeline to get where we are today and so thank you. Because we have been hearing for years what can we do to become legitimate? How can we be seen as legitimate farmers? how can we be seen and not have this fear that law enforcement going to come and take our stuff? and and so now you are a part of the system now you are part of the road to legitimacy and I applaud you for that because you guys do not have to fear law enforcement as long as you stay on that road. OK so you're still shaking your heads I understand trust takes time, I get it trust takes time that's why I'm here. I'm here to build that trust OK, but even last year I get a call so people have Rex's cell phone number I know it's a shock, but they call Rex You know when someone screws up. I get a couple deputies cruising through the Metol Valley and they stop by and they just say hi to a local grower who's, you know, on the list as growing marijuana and they come and check out a scene and then they go away and they said are they just set me up man, are they set me up they're going to come with a search warrant tomorrow? and no these guys had a permit, they were just there to say hi and that's it and no search warrant came because they were Legitimate, OK so we understand that I don't think there's any other industry that has been treated quite like the marijuana industry I hope you guys recognize that because you know as as we're becoming legitimate OK we're allowing OK people the take that time

to do that to get that permit there's only seventeen permits growing permits in the county. And there's twenty three hundred of you that are wanting to get there and so we recognize it takes time because there's so many regulatory agencies that are out there that are standing in the way of you becoming legitimate so we're giving you that time OK. But I want you guys to stay on the path. Just because you have a permit does not make, that doesn't mean that you are immune to criminal prosecution. What you're doing here is you're saying that you are legitimate business and that you are going to adhere to state law I don't want to hear about some guy in Iowa getting picked up with three hundred pounds that comes back to your legitimate farm because that makes your farm subject to to you know local regulation and you've given up all that OK. So stay within the law there's no there's a lot of Anxiety because now you have to pay all this different things and taxes and that kind of stuff but that's OK stay because now you guys don't have to fear that we're going to come knocking at your door and that should alleviate some of that pressure. I hope that it does I really really do because the sheriff's office is sick and tired of dealing with marijuana. Sick of it OK we have better things to do we do but for the last two years all we've been doing with marijuana is handling complaints. we are complaint driven Department now four to five guys go out and they deal with complaints and we get complaints every day in the county. About illegal marijuana grows so because out of twenty three hundred eighty there's eight thousand still out there that are growing legally and and I know OK because the market share you guys want to go get those guys right. OK you might not want to admit it but but I know on the inside you guys do OK because you guys want to be able to profit and that's what we want to do is create a profitable industry that's sustained that is virally friendly that pays taxes and so people can become legitimate OK because people been in the shadows way too long OK so now we can become legitimate and you can depend on local law enforcement and you can actually call us to if you know of something that's not going right. In remain anonymous you can. So so I'm here to answer questions about law enforcement about what the sheriff's office does how we do things and but I have to skip out at three o'clock I promised my son I'm going to be he's got a basketball game in Crystal City at four thirty so I got to get out here three so if you have a question. Yes Yes Yes go go get out of here what are you still doing here I get it. Thank you for that OK Thank you.

First **questions** for the plan Department for director Ford. OK in Humboldt County the planning process includes the permit for cultivation which can also include processing if you do processing off site they need a processing permit so folks who are getting a permit for cultivation and their cultivation operations plan they need to lay out where they're doing their processing if the processing is not on site and you're going to contract it to be in another place a process in place and you do not yet know the address or the fact where that place exists it is yet to be contracted with and so forth how do you inform the Humboldt County Planning Department that you will do your processing legitimately at a place this does not currently exist at least in your mind.

Response: I would say write that into the operations plan and that would be something that we would just condition or prior to fulfillment of all the conditions we would require that to be demonstrated in that can be worked through.

Question for Mr FORD. I want to know if you guys have made any have any plans to include specialty licenses from the new legislation in to update the amendment.

Response: We are looking at that in the Update Yes.

Question: OK this questions for Amber, I am just wondering for informational and also budgeting purposes is there been any information available as far as what the cost of the state licensing will be license types and if that cost will be just an initial cost of what might any recurring costs be?

Response: a good question, for the state licenses we have not released the dollar amount yet but what I can tell you is what they're based on. So first of all the law does require us to collect an annual fee so it will not just be one time it will be a new all but what it's based on is basically So our program is not making money on you guys we're like one of

the one one of the ones that are not we are trying to keep our program as possible but what the licensing fees are based on is how much it cost to run our program so right now it's kind of a guessing game because we're unaware of how many cultivators we will license we do know what our costs are but dividing that by the number of people we're licensing so we're doing our best educated guess to get to the initial licensing costs and what I will tell you also is that the law does require us to scale the license fees by size so you should expect to see the smallest growers paying the smallest fees. And that's important to the department to to make sure that there is room at the table for our or smaller growers and other question about cottage fees we will be addressing those in our regulations.

Question: one more question for Kason. It kind of is along the same lines of wondering about we I'm familiar with what the initial fees range for him along with the Water Board and also the initial application. If he's familiar with the county permitting process but will there be recurring fees for ongoing administration if there's any idea what things cost might be both for the water board and for the county application.

Response: I can't speak to the county application. John do that real quick. So with the water board we also have a tier based system. It's it's in part a function of size but we have other parameters. Tier one is a low threat wonderfully to tier and you have to meet a whole bunch of different criteria to meet here so most people are not to or one large majority of sites are Tier two Tier one thousand dollars a year or two Twenty five hundred and two or three ten thousand the majority of size are Tier two. Or three currently is a clean up here if there's an immediate threat to water quality something needs to be done immediately that would be a tier three site the majority of sites are to or to be twenty five hundred there is an option to be to become mature to Star Sight which means once you come into full compliance with our order and you develop a plan and you fully implemented your plan then you qualify for a fee reduction down to the thousand dollars a year so it is an annual fee because of similar reasons we have to be a self funded program and it covers our stuff costs to implement the program administratively but also to come out and do site inspections. And follow up on plans and do the plan review and all that. Could you let me hear the portion of the question that relate is the county again yeah I was just there I understand that there's a whole schedule of fees associated with the initial application process and getting your application approved but once that's done in following years are there is there going to be some kind of fee to continue the permit because I know you don't obviously have to go through. All that stuff again but there might be some kind of maintenance for I guess is showing that they're still in compliance with whatever they did or something right that's a good question there is a requirement for annual inspections I don't know that we've adopted a fee that is something that will look at right now our fees are strictly based upon the time we spend so usually what we do is take a little more in all cases what we take in as deposit in bill against that and then the news portions returned. I would like to add on to the water board fee just to give you more context so the state board is in the process of developing an another order that's going to apply statewide. And even regardless of that the fees for the Water Board are reevaluated every year in the fall so the branch of the state want to Resources Control Board has an email list that you can sign up for so you just Google State Water Resources Control Board the branch you can you can sign up for the e-mail list and it's a public process to determine the fees so if you have comments that you want to make about what the fee should be you should get on the list and you should participate in the process.

Question: John my question was have related to the taxes wondering if people are going to be required to pay atri tax based on their kind of license type that they fall into or if it's going to be based on. Actual cultivation area and then to point out the kind of contrast between the water board's way of kind of measuring cultivation area versus the county and it seems like that as causing some confusion

Response. Thank you for that question and I will answer part of it and pass it on Mr Ford because he'll have a follow up the. Cannabis excise tax bills that our department will be sending out is totally driven by information received from the Planning Department based on the type of grow area and the grow area that's authorized for that growth and all that John explain anything further. What we're currently looking at is based basically there is a prescribed amount of area that's approved as part of the permit we are looking at what that may be in terms of how that can be broken up typically it was⁹ thought to be

just one consolidated area. We're looking at. The target ways of a lot of calculating that but for most in most cases this is going to be the area that was just simply approved it's a basic area calculation. That the numbers in terms of what the Water Board calculates and what we calculate in terms of permitted area may differ. But it's basically what's in the permit.

Question: is kind of similar vein for Mr Bartholomew. I just wanted to clarify the excise tax you spoke of it was the cultivation tax their dollar two dollars three dollar based on what type of grow? and then my other question is when the permit is issued I did read that say if you're permit is issued on July first of this year you would be Required to pay the entire year of two thousand and seventeen or if it's out issued after August first then you would be required for the year is that I just want to clarify those things?

Response: That would be part of the second billing cycle and again we are totally driven by what the planning department tells us to bill and my understanding is once a permit is approved then whatever time period that it's approved in the net will be in the next billing cycle to go out so if it were approved in July or August or September then in all likelihood it will be billed in October or do in November. I guess for the entire year is a prorated or think thanks I missed that part it is for the entire year and it is due in the following month and. That's just the way it has worked out because it's not based on as we know many permit holders have been growing for some time and it's not like this is you're starting a brand new operation and so that's what will work through cycles of billing the first one will be in March second one in November and depending on when your permit is approved your bill will then come with the next billing cycle. OK From the perspective of a taxpayer the double Amount is just giving you a chance to pay it in two installments it's always for the full amount. Thank you but the second cycle is due one time you only There's not two installments.

Question: for Kason and or Scott. I would appreciate a clear definition definition I'm sorry of a legitimate well. What do you mean by a legitimate Well?

Response: I V A non jurisdictional approved well for cannabis cultivation on service station all you know. Are our team we go out in we inspect Tchiowa inspect one hundred percent of permits we receive I mean because of that issue right in people want to say Oh my well is no where near that the stream, or you know it's not your sectional and that's why we go out and that's why we ask for borehole logs, you know we want to know the depth of the well what the what the setting what that they do y'all G. looks like you know we have a geologist that we go to to help us clarify that we don't want to permit your well if we don't have to but we also want your well impacting the neighbors spring because in Europe on a ridge top even and you sink a well one hundred feet and all those springs up pop out of that mountain all the way around that ridge .What are they fed by, They're fed by groundwater all said the neighbor called and said my springs dried up. But I heard this was there at the at the Bridgeville meeting in everybody's wells or your Everybody Springs drying out they never dried up in forty years and if the neighbors upstream we just sunk three wells you know that's the issue we face that we Wells do impact surface waters and it's hard for us to try and decouple especially in a hilly environment where water moves downhill and up pops out on a bedrock plain or something you know and so I wish it was simple, and we don't have to go and look at every well but we're trying to protect not only people's water source is their domestic water sources but the little critters and that live that in the headwaters of the streams and salmon in steelhead that rely on those cold spring waters to survive so we face a dilemma in a lot of case and you want to add to that I absolutely concur with Scott on that I just want to point out a couple clarification not any corrections at all but. I want to talk about the permitting process. Which him talk official wildlife but with the water boards with regards to our cannabis order we are requiring reporting of water use regardless of the wells location so. Whether or not it's jurisdictional that doesn't affect it and so if you it's really it with the water boards it's a water rights issue if it's hydrological be connected to a stream then you're taking surface waters and therefore you would need a riparian right to that water or an appropriate right and if there's any question then just file an initial statement of diversion in use. There's no fee for that and doing so. Has the potential to Eliminate hurdles in the licensing process because if you don't have that and you should then you could hypothetically get your license revoked or have delays and you don't want that so there's questions you know there's an easy process to try to come into compliance and the

division of water rights is also working on other mechanisms in term solutions to allow people to store this summer and then more long term at the end of this year and into next year and into the future working on principles and guidelines in a smaller place news program to allow people to store so my point is there is a path forward and you know. So. I don't I don't think that's the worry and I look at this way. You're better off permitting that well and if you were to just permit the diversion from now well if it's even close to where you think it's jurisdictional it's about two hundred forty five dollars for five years fifty dollars a month I pay one hundred fifty dollars a year I pay one hundred dollars a month in Eureka you for water which is insane but that's what it is so to me is to simply to say whatever you know it's part of my whole project it's an infuse a tiny amount of the project we just you know I think a lot of us are here because we want to protect our fisheries resources and want to see commercial fisheries as well as a vibrant cannabis industry let's just try and work through this and just just deal with it you know and we're happy to come look if there's a question.

Question for Amber. Amber. The Department of Food and Agriculture commissioned a report economic impact analysis for cannabis cultivation in which it calls out some recommendations for pricing for the various licenses is that you're nodding your head is that something you see have seen and does that reflect the direction we're going indeed it is something that I've seen.

Response: It will inform our regulations yes.

Question for Mr Ford and Mr Bartholomew. For cultivators that are in process for new cultivation on prime ag soils if they miss the season basically due to just the timeline as far as processing it they still get their permit this year are they still subject to the the tax for the year will there be any relief or adjustments?

Response: That. Makes sense a great question the kind of waiting for. One of the things that we have talked about internally for especially for new cultivation since you wouldn't have had the opportunity to cultivate during the year so if you get a. Unimprovable in October or somewhere in there but you're going to get a tax bill in in well the following year is that we're talking about working with you to identify an effective date that would then put you into the next year so that's something that we're still talking about but we're looking to be equitable in that that if you're not actively cultivating that year you would be paying the tax you're.

Question for Scott, is he has a permit for the work he's been doing but has not yet due whether been able to complete all the work there's a possible to give an extension on the permit and if so what's the process?

Response: And we don't require work we require it to be outside the rainy season so usually it's June first two fifteenth depending on where you are. So and we typically don't we don't say you have to have it done by March thirty first we say you have to have a done by the end of the work season two thousand and seventeen or two thousand and twenty or whatever we've agreed to in the permit so we sure don't want to see people trying to get their work done right now especially I mean what if we had eighty inches of rain in in Garberville you know or whatever that place is wet and all I hear from our complaints like every day about the neighbor grading and the coverts are all plugged in we go out and we just see absolute disaster unfolding because people are working in a winter time you can work if you're covert plug and it's an emergency and your road washed out. You have to get to your home you can work under an emergency but you needed let us know but we don't want you working there should be any reason to work right now because we would never tell you how to have your your work done by June first it's always the following year that makes sense so please. We're just talking about this earlier don't remain excavator and be out there working right now because if we catch you the fines are going to be substantial and we just saw a bunch of people working the other day and every time we go up on an airplane people are work in doing land clearing and they shouldn't be and please don't do it. **Follow up question for Scott** it's necessary to pay the five thousand dollar cannabis project fee for notifications that are purely for determining the jurisdiction of wells. Well we don't require it so we have remediation fee so if you Need to clean up a site you've got to pay this remediation fee and it can be up to five thousand dollars based off of the size of the remediation for a well if you're not we don't we don't do fees for wells if you have put in a spring infiltration gallery in a stream and it's gigantic in a blocks

the entire stream we may tell you if we do pull it out put in a smaller infiltration gallery that doesn't draw from eight feet below the gravel and the water a mile a stream we may do that and we will charge your mediation fee to do that but that's the only only instance we don't do wells that we don't do remediation fees.

Question: I have some concerns that there is no way to petition the tax if an individual chooses not to cultivate and it sounds like maybe the planning department may need to be updated yearly on the status of in individual's operations so they can report to the tax collector that that individual is essentially non OP ing their program and I understand that the adjustment for crop loss and things like that is not really a viable option in the short run but is that something we can expect to see.

Response: I appreciate the question and to reiterate the tax bills that are generated in our department are totally driven by the information that we receive from the planning department so we receive information to Bill has certain property based on that permit we will do so if. Property goes our permit goes to non op for some reason I can address that and I'll let Mr Ford talk about it some more but again anything that we bill for is totally driven by planning we have no input as to what goes on the bill or how much it's totally based on the permit that is given to us that information by the planning department. The senators in question to show I think. The one way to understand it is to understand the measure S. It makes a pretty simple that if you've got a permit for a certain square footage you pay a tax so one of the things we need to look at frankly is in cases where maybe well. A cultivation is allowed to follow for a while or something like that that's really not a question we've looked at yet it's something we will examine see if those there's flexibility there in major arrest to address that and if there's not that may be something that we need to go back to the public and ask.

Question: So my question has to do with the pre-registration and the state needing the local authorisation to process the state license I know that they county had developed this pre-registration component in order to determine compliance in lieu of permits being available so while we're right now in the state where permits have been submitted the pre-application are pre-registration has been submitted if that applications are still being processed come the end of the year and now we're able to submit applications to the state what is going to be considered local authorisation while you're still waiting for your permit to be approved?

Response: great question what what the October twenty third registration did was established the idea that there is an existing cultivator there that they do intend to get a permit and then it established good standing at that point it did not establish authorization that still is reliant on the permit so we still need the process to permit one of the things that we are attempting to do is take a look at at those applications that came in because they are intended to give priority processing at the state level in terms of good standing is to make sure that we are pushing those forward as fast as we can because there is that implication there of good standing in order to get the state permit which starts happening January want to two thousand and eighteen. So if you have a. Application that's in the process and it has not been approved or deny at December thirty first are we able to go to the state and apply your we still have to wait for them to finish the processing I don't think that's my question to answer that's probably ambers question to answer. So it would not not issue a permit a license to you until you have your permit from the locals so if you're still in the application process that would not be sufficient and submit an application to be considered. You have to as part of your application for the state you have to present the local permit. That's what the law says but I do want to commend you for your knowledge of the statute.

Question: we've got now in the canvas legislation the multi-agency enforcement task force at the state level which is with state agencies and then there are also work of course with local law enforcement can you please tell the folks in the room what ever they need to hear to make the more

comfortable about this coordination of police and for some efforts.

Response: when I mean I think it's a good question, it's no surprise that we've been doing it for the last couple years that we do a multi-disciplinary task force that go after illegal marijuana grows because it's not only criminal but it's also the environmental damage and code enforcement issues and water quality issues so as a task force we are taking on. All of that and for the people that are outside the permit process that we hope will eventually get them into the process and and in the last year I want to repeat that we are mainly complaint driven OK ninety five percent of our search warrants are complaint driven and last year we had several complaints we actually went to the grows and we walked away from a couple different grows that had their permitting process that we weren't aware of it and they had all their books in order and their operational plans everything in order for legitimate business and we walked away from seven thousand plants so it works and you just have to be prepared to present that material to us you have to be you have to go through the process go through the permit process and be prepared to prove it at any time so it's got. Thank you answered it now and again we plan on doing the same thing this year with Department of Fish and Wildlife with water quality it's not going to change we're still going to do. A good question so the sheriff's office is busy enough we are not going to help the feds go into a permitted grow that's not. Not our that's not our role we have no. OK again where people get in trouble OK where people get in trouble is when they when they skirt the line they're in the light OK you're out of the black market do not go back into it because of the lure of the big bucks in the East Coast OK because that's where the Feds LOVE to get involved it's a really annoying when stressed out we got Sessions I want to go what is he going to do could he come here? absolutely, federal resources could come to Humboldt County OK. Let's not give him a reason to come to Humboldt county; show what legitimacy looks like OK that's the key here OK And so there are people that are blowing it people are saying I'm never get permitted I'm a still stay in this black market as long as it's run goes; we're going after those people we want to go after those people because we're going to make all of us they're trying to be legitimate and be part of this but this model that we have and I will county make us look bad so I don't want that to happen. I don't want the feds come in and call me up and say hey we just got a thousand pounds OK on the corner between Iowa and whatever OK and I don't want to hear because then you know then we're on the hook they were going to go and we're going to say OK yeah it comes from Humboldt County and we're from an organized crime. Gows so anyway I just want to put that out there. Right. Now it's working.

Question: I had an experience this fall I'm part of a well established cooperative here in the County one of our farms was robbed. There was a security breach people have been terminated there is this meeting held and we discuss what are we going to do about this you know do we go about it the way things have always been handled here in the county or do we go to the sheriffs? we went to the sheriff's department. When are you going to start doing anything to assist our industry because I filed a police report with you months ago finally met the officer who took the report for me coming to my house for a dog complaint yesterday and it was over a million dollars that's as big as any bank heist that's ever happened it's literally killed our cooperative and we can receive no police assistance? I've been told it's a gray area still so don't expect any help from us we've thrown it at the D.A. and don't expect any help from her . I've called the D.A. I've had no return phone calls I mean when can we expect equal representation when you're taxing for our tax dollars.

Response: I can understand your frustration but we do we do take this seriously and I can talk to you afterwards or you can call me next week and I can research your individual cases see what went wrong I can do that but we do we see robbery we see violent crime as the bigger issue here if someone gets robbed if someone gets burglarized we want to hear about it even though if you have friends that are still on the outside and there are permitted and they get robbed and their fear and fear that we're going to come and take out the rest of their scene because you're not permitted we see robbery and violent crime as the bigger issue that we want to stop then you know growing marijuana that's the bigger issue violent crime is here we know a lot of it goes unreported because people are scared what's good what's law enforcer going to do but we know there's a lot of crime that occurs number County because of marijuana that's why we're still pursuing it that's why we're still involved with it because

of that violent crime so. Sorry that that happened OK in the past. Sorry to get served like you wanted to get served but give me a call and we can hopefully touch base with it but I do know that Maggie has taken on these kind of cases they have successfully prosecuted a case like this which makes it really interesting because there's a lot of immunity this strewn around in court for people to be willing to testify and she's willing to do that she's done it and has been successful in the past a grower be in Rob testifying the fact that he has grown illegally and had this much money on hand and he got robbed and those people are now in prison because of what he did OK so it does work but it takes cooperation I'm not saying you didn't I'm not saying that the Happen but it does take cooperation you can expect us to go it and then do the job unless we have complete cooperation with you and you're able to tell us everything about it and be. Totally transparent because that's what we want that's the way it's going to get prosecuted.

Question: As I'm sure you guys both know we're sort of have a foot in both worlds between the nonprofit collective that everybody's maintained for years and the permit ID and if you have whatever type that will then license that entity of whatever type it'll be possible after the applications are available in two thousand and eighteen and so I guess I'm curious from the sheriff's department's view what a legitimate business form is it in to the extent that you consider that in from Miss Morris I guess I'm I'm curious considering that an entity cannot be arguably a legitimate for profit entity today and there is an incentivized system is there a way that the agencies are looking at dealing with historically nonprofit entities and license or permit landowners that are now coming for a license for an L.L.C. or another another for profit entity and just basically how you consider that because that's that transition I don't see much direction for in any of the written material.

Response: Yes we have this great area that the state loves to put us in OK and we're in a right now OK and. What we want to see is we want to see people that are transparent that have the open books that say listen we're part of a collective we're part of a cooperative Here's our business license where they are not profit not profit profit whatever OK we want to see you as a legitimate business tax paying business. But have operation plan and distribution plan in transportation plan all those things in place that prove your legitimate we go to a scene that we've done this last year or says hey I'm legitimate and they say OK well how many plants do you have well I don't know I don't run that part or you know they can't prove how many plants they have or how much they've harvested how much they have on hand and words gone where it's been where are your receipts that shows where you actually have distributed this this marijuana all that stuff does not show that you are legitimate so having all the business records in place gives us a reason to say seal it or we have better things to do. And. So I'll just address what's currently happening doesn't really fall under what I can provide guidance for what I can speak to is when the state starts licensing and how about works so there's the medical laws and then there's the adult use laws Medical has kind of allowance for cooperate is to continue for a certain period of time there's a cutoff date and then adult use requires the bureau to determine what happens with nonprofits that have that determination has not been made but there are there is a law that speaks to it I'm not sure when we talk about cooperatives I was actually talking with the Industry Association a couple days ago when I get that question I'm not sure when people are talking about whether or not they're growing co-operative whether or not they're to cooperate if it's known as being vertically integrated where you grow meaning factor cell so without knowing that I think that there is a structure for that within the licensing framework for adult use within medical there you cannot be a distributor I'm sorry there's a third party distributor so if you want to talk we can get into the details that's kind of. Implicated but as far as like what happens until state licensing starts. I can't provide guidance on that I can just provide what happens when state licensing starts.

Question: Are we going to be alike at the processing facilities will they be able to Guard themselves I mean that's pretty much the only place that thieves and stuff are going to come into They're not going to go rob somebody's filed because that's too much work for they just want the easy easy targets so as are they going to maybe permit people to have armed guards in some of these processing facilities.

Response: I don't see why we wouldn't I mean that's I mean we have armed guards in front of banks we have armed guards in front of Safeway now. So it seems like that would be OK with me you know. Some of counties turn out to be a pretty dangerous place and so when we have to put armed guard from the Safeway then that's OK So but yeah I one more question from the lady here.

Question: Can you speak to what your. Process is going to look like in the event that you show up at site do you have a protocol that you adhere to or that you plan to employ moving forward

Response: yes we do, number one our number one priority is safety OK And so that's where we come in with all of our gear and we have guns and that kind of stuff because the safety of our own personnel. You know we've been lucky here in the county we haven't been shot at like Mendocino and so but what we do is when we have a search warrant on our arm We're not talking about inspection or we are not code enforcement we're not going to go around and inspect your grow that's not our deal we're not going to do that we're too busy. We're going to do is if we have information if we develop information through a complaint process that someone's going to be legally number one thing we first do is we check the A.P. in we cross reference it with the permit system the application system and we see are they in the permit process if the answer is No then we go forward OK that's if it's just a complaint if we have independent knowledge that they're working outside of the permit that's when it gets a little sticky but we haven't got there yet and I'm thankful that everyone that's been in the process we haven't had a complaint that they're not legitimate So it's a good thing so we look at that couple with that list first and then after that we get information obtain information various ways to write a search warrant go to the scene and then we first things we do is we make the scene safe then we look for legit Is this legit operation even if they don't have a permit on hand they still can have all their paperwork there as shows that they are a legitimate operation. A business and they might be paying their payroll taxes and everything else and having tied to a dispensary and and have all their plans and I talked about the. For at that point in time if we have any kind of or might get to fifteen grow and if we have any kind of questions or call our district attorney and say listen this is right on the line here what do you think and she's the one that is able to say yes no you know when it comes to fifteen or so most great years sometimes everything is going to be legitimate and we're going to walk away like we've done in the past we've done it we've walked away we're OK with it because we want people to hear the law now code enforcement I want to talk to you because you didn't go through the permit process and there might be some environmental issues but it won't be criminally prosecuted as long as you adhere to the state law. So I hope that answers your question.

Question: I have made general topic or changes to the permit and I began asking questions in September and I still don't believe we've gotten a response and this deals with the transfer ability of permits the expansion within the same permit tape within the same A.P.I. number that the application has been submitted for and also code licensing of two or more businesses under one applicant's name in the same space that they've already applied for and and if you don't have answers I'm just maybe asking if we could this is coming up with dozens of people think so.

Response: I think I can give you answers right now in terms of the transferability of permits yes they are transferable we are working right now on the really reform for both applications that. Been approved and permits that have been approved to be able to transfer so that on the one hand the permits he or the applicant say I am giving up any Right to this permit and on transferring it to him then the person below says Yeah I'm taken responsibility in signs that there is a fee for that and Internet records in the file and that's information then we can also forward to the state. The second thing you talked about was modifying the permit within the confines of what was originally identified yes that can be done it can't expand beyond what was originally applied for but as long as it's staying within the same permit type that is fine OK you're

going to have to help me with number three. Have the existing operations during the process to determine like say there's an additional hearing that needs to be done to decide if it can accommodate that expansion and does the existing if you go ahead and follow through with the whole process are you going to be interrupted or can you bring that to completion while simultaneously. Pursuing the modification would wind drag the other went down and say on the modification should if it's done before the permit is issued the modification should be done as part of what's going ahead and that doesn't necessarily have to be a monumental task. If it is in a requires review or further review because the change is something that like would affect Department fish and wildlife or the regional board then we may want to research related to them to get their comments back we would want to go in approve something that we know that you're not going to use if you're trying to modify it so we would try to do that at one time and wouldn't process a modification to a permit that hasn't been approved yet. Sure absolutely. Yes the answer to that is yes you can hope have to license.

Question: My question is about permitting for water on the property where medical marijuana is grown. And in gardens where the marijuana is not being grown I ask because my husband and I run a smaller farm and previous to a meeting we had with our council for permitting we did not think we would have to enroll with the water board because we are very little but our veggie field actually rivals the side size of our marijuana fields which puts us over two thousand square feet and our counsel has advised us to enroll with you because of our veggies and I did.

Response: As definitely a challenging component of our order where we have included operations with similar environmental effects. Because of the often times the Water use application and other land disturbance that has a similar environmental effect. The way that we're implementing it is perhaps somewhat different than the council You've been provided but You know his reason his or her reasons may be very valid so you can enroll even if you are not required to. Effectively get authorization to discharge by enrolling So there are some legal protections by enrolling but. The way we're implementing it is that it's. Assuming there's no other potential discharge of waste the first step is to review the chemical division area and if that reaches two thousand square feet and there's a requirement to enroll and after that is met then we include the other agricultural operations on site as a reporting requirement as and it could affect the tier. Of the site as well but it we are currently not saying that just because you're you have a large. Other type of Ag that you are absolutely required to in a role I think it's really more a case by case determination is there sufficient potential discharge of waste that we that we need to regulate it and if we did need to regulate it this is one option for us to do that we've included operations with similar vital facts to allow us to do that there are other options like an individual. W.T.R. ways to charge requirements or in the future our board is in the process of developing other AG orders as well so. Hope that answers your question.

Question: About the applications once they're submitted if they're not complete they get sent back to the our clients or whatever and then is there a deadline associated to fix these.

Response: Missing pieces on the application it's a great question yes there is basically the ordinance the zoning ordinance given six months to make an application complete if it's not brought to. Completion with thin that six months is steamed in void duty in activity. Six months from the time the letter sent cracked. The date on the letter Yeah. That extension extensions you know quite honestly if people are are working towards trying to get the application complete nor diligently trying to do that we're going to work with him.

Question: For projects that don't require a lake and stream but alteration agreements so say they're on municipal water they don't have any stream cross soon snow point of diversions they have an application into

the county. So I guess the question is for projects of that nature would they require any kind of approval from Department official wildlife or will the county give the blessings on the project without D.F.W. approval.

Response: We would approve it without D.F.W. approval. But I will caution you that the law for the state application does work. Were that you get Information from D.F.W. that it does not apply so the law says that you either have to get your six you know too or a letter that states you're not subject to it because so out on to that is do you have to if you're planning on providing some type of formal Yeah we've been working with them and they're Considering their resources so they may simplify that process you know because we're expecting a lot of grows where the six you know two is not going to apply. But yeah they're they're definitely expecting that and hopefully they streamline that process yeah you know I should have mentioned this we are starting to work on a general permit for cannabis cultivation so you know of course we're being pressured by a lot of different entities and probably in the governor's office as well but we're going to develop a general permit you follow these guidelines you can get the permit really simply. I think would be a good thing and lot easier for us we can handle a lot more permits so we're going down that path and like Amber was saying. And then some way I guess we're going to issue a no agreement needed letter and I don't know how that process is going to unfold but stay tuned I hopefully by the way I don't know when but we're already starting to be asked the questions what do we want to see in the general permit and we're working on that and we'll see how it goes. Any time line for the general permit which we anticipate at the end of the year or sometime soon or. I haven't heard from from Sacramento. We just received e-mails today day before about what do you want to see and not in so we're going to put our two cents in you know I would imagine by the time the state by January first twenty eighteen will have something in place. To mirror a lot of what's going on. I don't I don't know how we could do it sooner but maybe we'll see maybe six months.

Question: About the setback requirements of six hundred feet from bus stops so aren't those aren't bus stop something that changes every year based on student enrollment and how do you determine where bus stops are?

Response: We determine where bus stops are through coordination with the school district that has jurisdiction in that area and identify their stops if they have them. There is a provision that allows the property owner we'd be the school district to to reduce that set back. If they're willing some. School districts have already given us written decisions that they're not going to reduce that setback.

Question: I was on the phone with a client this morning who has a number of structures that he's planning on permeating as part of the planning process in getting the permits but he also has structures daily the small cabin that is not nexus to the operation at all and he's hearing differing answers do I need to permit this do I not need to permit this where or what can I tell him.

Response: I'm going to give you an absolute bottom line and then I'm going to give you an insight. Enough OK. And incentive Yeah encouragement so the absolute bottom line is that what we permit are things related to the cannabis cultivation the things that are already there we're going to and less It poses such an extreme health and safety issue that we can't ignore we're not going to focus on that OK However there is opportunity in this process to bring everything into compliance and we want to work with you to do that we don't want to make it more difficult we want to make it easier because again this is all about coming out into the light making everything legal we want to be able to work with property owners to permit things even if they're not related to the cannabis cultivation that doesn't mean that doesn't constitute a violation that doesn't constitute a code enforcement action it's just not to get things permit. I understand that that code is a pesky pesky thing it just gets get in the way but we are hobbling aided to implement the code so you know it may be that what has to happen is it would be important to have an inspector come out and see if it can be permit you know as long as it's not avasafety issue we're not going to do anything detrimental to the property.

Question: We've applied for a license we've been improvement area and we're. Working right now and we're in the extraction. We would like to be able to expand it into a different area it's topical medical which is

outside the scope of what we applied for Will this affect our. Ability to get the permanent license or said this to the back of a long email or otherwise affect our application. So let me understand the the question you have an application that you've submitted we do and it has identified a certain scope Yes and you want to relocate it on the property on the exact same site no change everything except we would like to be able to Change the area? Yes we are applied for extracts and we would like to produce a topical medical and that's outside the scope of what we are allowed to do.

Response: we can work with you on that but we should just will be with you yes thank you very much.

Question: I just wanted to ask you had touched in a little bit on the issue with the banking people not having access to banking exemption letter and that you had worked out some opportunities or options for paying cash you mentioned Bank of America, all the Bank of America is here closed down what are the options?

Response: there are a number of county we're working on a solution for this particular area of the state it's in you can a lot of ways for this industry for us we do accept cash payments we just need to make sure that we can make those deposits We accept the tax either and help make those deposits. If you repeat that. We will do all our best to work with you to make sure that we're able to make those deposits and all you need to do is get ahold of our tax audit office in the folder you how those numbers if not please get a folder in the back of the room that will make sure to make those connection easier it's for us cash is as good as the.

Question: With Google map we all know it's bad enough that thieves can look at and see where everybody's crops are are you going to, is all of our permits going to be on the World Wide Web for you know our growth and our processing facilities too?

Response: There are there is a certain element to which applications are part of the public record we've endeavored to not make maps and things available that show where things are but if people. Ask for and we are getting Public Records Act requests on the can lie to you for the applications that have been submitted we have to reveal what information and what files have been submitted. So little show their address that that information will be accessible yes we're trying to not make it really convenient but it is accessible.

Question: my questions in regards to having a single A.P.M. in a large parcel with two separate dischargers and how to go about enrolling those discharger separately and delineating that property

Response: I think you just need to include that information as part of the application package. Because generally enrollments are property wide and so if we're going to have more than one. Per for a specific parcel. It's going to need a review. And you would need to delineate it somehow.

Question: You know so when developing these operations plans clearly it's really important to address where employees are going to be using the restrooms when they're out in the hills and so if we're proposing a processing facility clearly you know we put in an eighty a bathroom however that if they're going to have offsite processing there's been some question about whether or not portable restrooms would be allowable for just harvesting activities since these are kind of the agriculture employees out there on the site.

Response: I'm going to answer that question with the idea that if you're not putting up a permit it buildings if they're AG exempt. They're outdoor grows there is no eighty eight requirement. I think you kind of answered my question but specifically. Would you. Let me just say in a different way to be more blunt if you want to have. Outhouses there for your employees. In we haven't permitted a building that's fine.

Question: My question is about the transition between the regional water board program and the state program that will take over the regional water program can you tell us about timing about that and what that will look like in terms of transport transferring enrollees or will we have to reenroll.

Response: Oh sure we worked out all those details but I can give you a little bit a sense of timing. You know I think that. They're hoping to have a draft for public comment. Around May is my guess is what I'm hearing you know that's not a committal but I think that's the time frame and. I understand it's slated for a hearing this is a state board order this fall maybe in

November maybe. Definitely trying to get it done to meet the legislative requirement to have it done prior to join your first twenty eighteen. In terms of how that transition is going to work we have not worked out those details. Anyway I'm happy to continue that conversation with you if you have any specific requests. My goal is to just make it. Easily transition of as possible. So I don't have a good answer.

Question: So my understanding of the state medical law is that once it goes into effect farmers need to get their cannabis tested but they can't select that one gram test sample per batch themselves so someone with a Type A Lead been a distributor license has to actually select that sample so I guess my question is when does that requirement go into place and what happens if there aren't any licensed distributors with that type of Leben license in Humboldt County at that point and cannabis farmers want to get their cannabis tested but they can't select their own samples?

Response: good question I want to show everybody this flyer again and the agency that's responsible for testing for medical is the bureau so they will be addressing that and regulations I'm not sure how you portrayed it is accurate I don't know if the lab will be collecting the sample from the distributor or if the distributor will be writing the samples of the lab that's all going to be defined and regulations but I think that that is something that's come up several times is the. Distribution chain is very specific in the law and when there's breaks in that chain how do we deal with. I know that we think there is a potential where testing labs may be a bottleneck there's a lot of product that's going to have to move through through the testing labs and it's very difficult for those labs to. Time consuming for those labs to get certified So I think that the bureau is looking at creative ways to. License those labs in the interim but I mean we're aware of it try to avoid it as much as we can and as far as the details about testing and where the sample is collected and how much that sample is that's all going to be in the bureau's regulations.

Question: I was curious in the pesticide management practices that are being developed are you going to give consideration to. Medical Cannabis versus recreational they're going to be potentially different pesticides?

Response: At this point that's preliminary we're still waiting for guidance from department of pesticide regulation on that distinction the guidance that we have so far is just based on medical.

There was some best practices that were put out and we have received initial guidance on you know what persons who are using pesticides whether or not they would need to be permitted if you're using a pesticide that has an E.P.A. registration there are actually a couple that you can use we would issue to you what's called an operator identification number if you have employees you need to provide training to the employees if they're applying pesticides as a part of the work requirements and then the other thing is you're required pour report that usage to us what is important in it's one of the first agencies that's going on there is for the purposes of this role or this rule cannabis is considered to be an agricultural commodity and so it's one of the first state agencies that's come out and has recognized it as being such and so if you're using one of those registered pesticides those are the steps that you have to fall. All oh we'll obviously wait for guidance from department of regulation that will be forthcoming a lot of the other materials are exempt and so there is no permitting or reporting requirements associated with that. Second question as you had mentioned that over three thousand pounds went out of the CAN went out of the county would track and trace labels I was curious where they went to. Dispensaries all over the state there's forty seven cities in the state of California that agreed to accept product that was produced by those. Cultivators in our pilot project so total number dispensary says about one hundred in thirty and forty seven cities around the state so it really got out there it's pretty it's pretty widespread and the thing that we began to see was the thing that we were hoping to demonstrate with the pilot was that the branding would work that the name of humble county would make a difference and that that product would be able to distinguish itself in the dispensary is and that's what we heard back from the participants and from the distributors that that official Humboldt County stamp made a difference and they got dispensary space as a result of it and that actually some of the dispensary is began to prefer that pre-packed product instead of the old model words they wanted to break down wholesale units because of the labor and the time associated with doing that they began to prefer the pre-packed unit that had the stamp on it. I wanted to add and the

pesticide issue came up that we have seen a lot of issues with pesticides in the other states where testing has become mandatory So while we're on that. Topic I just wanted to put that out there that I know you haven't had the pesticide regulations in your industry but they are coming and you need to be very aware of what those restrictions are so Jeff is a great resource and I'm sure that him and his staff would be happy to work with you to let you know what products are available to you it's very limited just to be blunt it's very limited it's going to be limited for a while because of the federal process that's required for labeling pesticides but I just like to put that out there I know you guys have a big climbing wall of learning to do to become regulated but pesticides are a big issue that you really should start becoming knowledgeable about .

Question: on the product that was stamped and distributed to dispensaries How much did it go for.

Response: You know what I wasn't I wasn't involved in pricing so I think there are probably others in the room who could give you that answer but I'm just not the one.

Question: I understand the whole county Ag commissioner does inspections outside of Humboldt County for various AG operations in is eventually going to have to spearhead inspections for these farms What do you think that that's going to look like and are you solely going to be focusing on inspections for Humboldt County.

Response: Yes obviously is a representative Humboldt County in my position so I do represent other counties because we contract with with the neighboring counties but Our department at least for this discussion we have a little more clarity on what it's going to look like at. County. It was brought up earlier about the cottage license and humble counties kind of form of the college licenses described by the medical marijuana land use ordinance as the artist will branding and so it's similar to what the state is proposed with a cottage license but there's a difference of five hundred square feet. In the county the artist licenses three thousand square feet or less it's daylight only it's produced following organic principles and I think everybody understands you have to be careful around that term organic because that word is really the property of the federal government but we can verify organic principles knots another one of the programs that the commissioner's office is responsible for the fourth thing is that the person who is growing under that artist no license has to live on the property so we will be offering that now the branding of that is important that we're going to be able to distinguish that. Artisan license and so the R.F.P. that will be doing for our track and trace requires that they can offer that branding So if someone is a smaller scale producer they want to distinguish their product so it's recognized in the marketplace it will have a separate stamp on it so that it's recognized as such. In terms of the inspection requirements will be looking at the square footage of the cultivation area will be verifying you know depending upon the license type that they're following in doing what they're supposed to be doing some of the inspection work are things that planning is doing now will be verifying some of those things I think is this moves along what we'll do is that will be making sure that the efforts that were engaged in are not duplicative So we're now. Just being inspected to death let's say you know bookie working America out there's a follow up to this question sir.

Question: secondarily is this something that you feel that your department is going to be able to handle in such a large quantity if you know by some miracle we can process all these applications and get permits out there absolutely and the other thing I'll mention to you is there's a strong possibility that we will also be representing the state interests locally?

Response: we already represent the state of California in many different program areas the way that we do that is through cooperative agreements where we contract with the state of California and they offset the local costs for administering the program through a contract and those those discussions are being had but we already have a very well practiced form for doing that and frankly you know is the state going to be able to administer a program of this size and humble County it's not likely that they're going to get there so so we'll have you know our own inspections that we'll need to do to meet and verify compliance with local requirements but then also working with C.D.F. a way to make sure and those requirements are going to be largely the the same you know to your question and it's about resources you know as we move along and that there is the need for us to scale up to be able to do that we will do so because I

do feel strongly that this is the cultivation of a plant it's an agricultural commodity we should be the ones that are working with the industry we have a long history of working with the agricultural industry our mandate as they say is to protect and promote and we in the way that we go about working with industry is we try. And work with industry to educate them for compliance you know we are not initially punitive we try to educate we work at the industry we have those administrative penalties if we need to exercise them but we prefer to gain compliance through education and working with the cannabis industry is really no different than working with the other agricultural industries that we have the long history of working with so that's our approach to hope that answers your questions.

Question: Currently transportation it's not a huge issue until two thousand and eighteen and then the state becomes very much involved there's been a lot of speculation that this will be a choke point where. The transportation from one location to another will be a way of how we put it increasing the cost of the product to the end user how is the county working with the state to make sure we still have the ability to distribute our product at a reasonable rate is there any possibility of grandfathering any of our distribution lines so that state would not you know laterally restrict those.

Response: So I am not the licensing of transportation I worked really closely the bureau's going to be responsible for that for medical but what I did want to point out is that our interpretation of medical statute is that a cultivator can also be a transporter. So and it doesn't count towards your two that's like the most scary statute that there is the one that talks about the different combos that you can have but the way that we interpret it and I regulations will make it clear is that the cultivator You can also hold a transporter license so hopefully that will be helpful. Father was. Assuming that everything you said is correct is there any way that anything that is existing. Transport today will be grandfathered because it is a concern of the state will use this as their method of restricting or taxing if you want. The product by making it very expensive process. I guess I'll just reiterate I'm not drafting the regulations for transportation but I do want to make clear that the state as far as the bureau my department and public health we're working to make a program that is not throwing up roadblocks for the industry we want people to come to a legitimate marketplace I'm so I can't speak for the bureau and what interactions they've had with the counties but it's not our intention to make it difficult for industry to comply in fact it's the opposite we want industry to comply.

Question: I'm seeking clarity on a processing permit versus a manufacturing permit when it comes to a company wanting to purchase flowers from farmers and then make them into pre rolls and package them for sale as pre roll joints.

Response: I think that actually falls into the idea of manufacturing process seeing is taking it from the cultivated stay in into the trim state. So just a follow up I was just looking at the manufacturing facility definition in the ordinance and it doesn't seem to include pre rolls so maybe that's just an oversight that needs to be added to in terms of the legal definition thank you we'll look at that. Could could I just follow up on one thing I said before too that I need to clarify I used the unfortunate term of an outhouse. And I really really need to retract that. OK so I didn't really say that you just thought I did.

Question: I'm seeking clarification on whether the county will issue some clarification regarding employee housing there's a Shortage as it stands in the county and the seasonal demands of harvest and processing just exacerbate that Housing.

Response: Under the zoning ordinance is pretty limited under most of the uses of land uses in the county. There are exceptions I understand under state under state level for agricultural employee housing and as a designer we are looking for some clarification of what this is what the county would like to see for implementation. And guidelines for employee housing on I think you really just identified something that is an important resource to consider which is agricultural employee housing and you know that does again in. The regulations kind of get in the way of that and that requires a permit in process and in all that but that is highly doable in something I think we want to look at work with you to Bill accomplish.

Question: I was going to ask regarding there's people who want to put you know new ponds in and there's also kind of a grey area with respect to the. Kind of a jurisdiction ality. Water sources it seems like you know. You know we talk about surface water and

it's a little gray area and ambiguous sometimes and so it is looking for a process related question about like what's the what would you like to see or what steps should we take. To come to you to figure out whether something's jurisdiction all or not or number two if the location of a pond is good before I go through the permitting or design type of process.

Response: Yeah there's a couple ways we find out about ponds is either through the county referral process you know upon shows up and it's part of a special permit I mean there's a number number ways because it comes from a county we hear about it we tell them and they need a permit for that or we get through the L.S.A. agreement application you know we prefer ponds to be off stream obviously and we've seen a lot of pause that have blown out you know they're they're all gone now because specially this year when they're on stream it's an issue for fish for wildlife they want to off stream not to say that you know you have a little swale and people know the definition of what force practice rules class three meaning you know it's a stream but. You know we like that we work with people all the time on that you know here's here's what we're planning to put in a pond you know we're pragmatic. We don't have a set rule that says you know it can't be here but we for the most part we want to off stream because unless it's engineered and you've got an engineer stamp on the thing saying this thing is bulletproof it's not going to fail you know I mean all the plans we see. You know the like culverts one foot from the top of the pond you know regulation and damn safety regulations you can't do that you know some people are fixing their ponds It's just challenging unless you're working with a good engineering firm who knows how to build ponds who has an expert get them off stream and call us you know if you have ideas about where upon you want to put one and the pre consultation thing is hard because we're so busy you know stacks of permits just keep going like this so we want to work with those people first but if we can we do pre console on stuff you know call us talk to us and maybe case and the one time I'd like to dive in as well just because they want to boards have jurisdiction over streams as well we we really prefer. That there are no on stream in pounds we get to exist historically and. You know we're not looking to take out all you know historic ponds on the other hand if you go out and you develop a new pond on stream without a permit without coming in the front door like Scott saying then it's going to be enforcement priorities so come in the front door talk to us about it and and let us review it and make the determination with that it's jurisdictional or not. Again we prefer to be off stream. And it's a pretty strong preference. Not where any or very many or any cases we're allowing new on stream empowerment and that would be even include class theories but. On the other hand even if you stay outside of jurisdiction the need to have controlled spillway and stables engineered spillway that is not going to cause a Roge in or threat water quality for mass wasting to the water course and since it has a spillway that's hydrological the connect to the water course even if it is off stream we still. I would like to be part of the review process even if a for one isn't needed Well maybe. Maybe that you need another permit so contact us were available for free consultation as well it's better to come in the front door than. Go through the enforcement process later.

Question: how long can we can I expect it to take to get the permit once we've turned everything in and in addition to that with a special use permit how much additional time might it take.

REsponse: Thank you that is going to be depended a little bit of on the permit type we are trying to move the zoning clearance certificates as fast as we can special permits in condition use permits obviously require public hearings noticing in all that sort of thing in there are some variables in there and I know I'm starting to vacillate and sound like the consummate bureaucrat here but I don't and I don't mean to I just I can't give you a dead certain time all I can really tell you is that what we want to do is get them into referral as fast as possible get them out of the other agencies get comments back as fast as possible we want to then be able to talk to you about the comments if any that we got back and once those things are resolved if there's no comments then what we want to do with schedule it so the referral process figure that's going to take a month. And so one of the things we're finding is holding this up right now is the review by the tribal historic preservation officers is following a few weeks behind that so we're probably seven weeks before we can really even start to make an assessment of that even if we wanted to schedule it. OK. Thank you

Question: Thank you for having this this panel it's wonderful and my question for you is that I've heard from a few growers that oh it's OK if I expand before I have my permit there's no enforcement is very little it's all going to be fine. And I caution them on this and I received a letter for an incomplete application in big bold in big bold letters it says do not expand your existing grow in tell your permitted and it's really important because now farmers are planting and there needs to be a very strong message coming from you about what those fines and penalties are going to look like?

Response: Now thank you for bringing that up one of I I've been getting I don't want to opine too much on this too much but I've been getting two kinds of comments one comment is a question about moving forward before in permit are issued the other question is from people who have gotten permits saying it's not fair that these folks are going ahead with having got their permit when we waited to start until we got all our permits and so one of the things we do want to do is is on or the permit process and we are in internal discussions about how aggressively do we begin to look at enforcement actions relative to applications that the in improvements are made on Property or for the new cultivators this is one of the things I said early on where we are aware right now that there are people who have gone now and put up green houses and have pawns and put in lots of improvements in their new cultivator and so frankly they're in violation of the ordinance right now in and that is a Results in not just a double of the application fee that would be cheap there there are fees to be paid to department fish and wildlife there or fines and penalties that come out of the Humboldt county code that continue to go up on a daily basis each day that the sites in violation of those go up and then I just would like to say that you know when you're in violation of the humble county code you're not in good standing with Humboldt County.

Question: So I want to ask you about how C.V.S. looking at tracking trees and what we've done here in humble and how that's compared looking at like other states like Washington who's dumping their program right now and I'm seeing that were uniquely Californian approach with a California AG commodity How's that playing into the R P for attracting series on the state level and what do you think about our program.

Response: Well we were invited to be an observer on the Humboldt County program and we've been kept in the loop the whole time so we appreciate Jeff and sic PA for looping lesson on that it's at it's wonderful for us to have an example of how things can work on the small scale I have heard. Very good things about sick from the industry I've you know dug in a little bit about what that means so I understand what it is that industry is happy with our requests for proposals I know we keep throwing out our F.P. that's what it means. That we're now on Friday February twenty fourth for the state system what we're going to be asking or what is in that document that we're asking our vendor to do is meet statute so I know that in Humboldt County they set up a pilot program to help us understand how tracking buyback. Is Useful No other states have done that and it doesn't mean that we can't we just didn't have any data that showed it's preventing the inversion and diversion of products so it's actually very beneficial to have that information available but the last bill says that every plant has to be uniquely tagged and that's what we're going to be asking our vendor to do so we've got like this much time to get it. Keeps getting shorter and shorter term the calendar it's March already. So what we're asking them to do by the end of the fiscal year is meet stocks you from there will put on some bells and whistles but. We appreciate Humboldt County for giving us some data on bats and I think that's going to go far with changing the law. But I can't change anything in the regulations and I also saw from humble that it was very valuable for them to have that branding. And our department is tasked with the Appalachian development and medical the bureau has for recreational there will be effort to align you know whose responsibility that is for medical because we have a very short period of time and that was not a required element it was a permissive So it's a we may develop appellations it something that we understand the industry wants and something that we'll be working towards Next phase.