

HUMBOLDT COUNTY GROWERS ALLIANCE

March 15, 2021

Humboldt County
825 5th Street
Eureka, CA 95501

Dear Planning Commission,

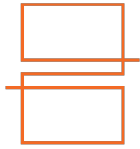
On behalf of the Humboldt County Growers Alliance, representing over 250 licensed Humboldt cannabis businesses, we are writing today to express our opposition to the 23-acre Sun Valley cannabis cultivation project currently proposed for the Arcata bottoms, unless amended to a size consistent with the land use principles in Humboldt's cannabis ordinances.

Historically, HCGA has supported many cannabis projects before the Planning Commission, while remaining neutral on others. Previously, however, HCGA has not formally opposed any specific cannabis project in Humboldt County. The scale of the proposed project, however, as well as its violation of a number of land use principles that guide other cannabis projects in Humboldt, have led our members to overwhelmingly express their opposition to this project as proposed, and our Policy Committee to adopt the position in this letter by a vote of 9-0.

In our active engagement in two cannabis land uses ordinances, there was no discussion of an intent to permit projects at or near the proposed scale of 23 acres. Currently, the largest licensed cannabis farm in Humboldt is just over 7 acres, less than a third of the size of the proposed project. This is consistent with Section 55.4.5.4 of the CCLUO, which states that "no more than eight acres of Commercial Cannabis cultivation permits may be issued to a single Person."

While there may be a legal case that the proposed project falls under the CMMLUO (Ordinance 1.0) and is therefore exempt from Section 55.4.5.4, we do not believe that it meets the intent of either Ordinance 1.0 or Ordinance 2.0. As this letter will outline in greater detail, the proposed project violates a wide range of land use principles expressed in these ordinances. At best, it can be argued that the project takes advantage of legal loopholes and oversights in the drafting of these ordinances; but we do not see how it can be argued that the project is consistent with the intent and purpose of these ordinances.

We also do not believe this project as proposed is in the best interests of the Humboldt cannabis industry or Humboldt County as a whole. To put it briefly: we see no future for Humboldt County cannabis outside of one that protects, promotes, and enhances a uniquely Humboldt cannabis culture based on small, local, sustainable, and community-grounded values.



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We believe that realizing this vision requires supporting and promoting independent and collective projects that maintain community and craft values, while also refusing efforts to corporatize, consolidate, commodify, and financialize Humboldt's cannabis industry.

Such efforts towards corporatization and consolidation are certainly well underway outside of Humboldt: the question is whether Humboldt will choose to resist these efforts as they become more acute.

As one example, on March 11, a coalition of large tobacco and alcohol companies - including Altria, Constellation Brands, and Molson Coors - announced a new coalition to influence federal cannabis policy "under the premise that federal legalization is inevitable" (Politico, "New cannabis coalition wants to influence how - not if - weed is legalized").

Such efforts make clear that the corporatization of cannabis is not "coming," it is already here - and the capacity for Humboldt to stand by the principles expressed in its land use ordinances will play a critical role in realizing a larger vision for a Humboldt cannabis industry based in small, craft, and independent cannabis production.

In that context, our goal is not to single out the present project, or to suggest that all cannabis projects should be "small," but rather to express the importance of establishing some line on appropriate scale for projects. We believe the current project as proposed crosses that line.

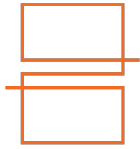
Planning Commission Discretion is Especially Critical on MH-Zoned (Industrial) Parcels

In the context of Ordinance 1.0, we believe the discretionary element of a conditional use permit on MH-zoned property should receive special attention.

In Ordinance 1.0, most zoning districts are accompanied by specific limitations on size. For example, lands zoned agricultural-exclusive (AE) which are less than 320 acres are limited to 10,000 square feet of new cultivation, and are also limited to 20% usage of prime soils.

MH-zoned districts, under which the proposed project is classified, are unique in that Ordinance 1.0 specifies no numerical size limit for outdoor cultivation. Instead, such projects are required to obtain a conditional use permit, a requirement that would apply equally to a 2,500 square foot project, or the proposed 23-acre project.

Considering the lack of specific limitation for MH-zoned parcels in Ordinance 1.0, but the clear direction to require a use permit for such uses, and the specific size limitations adopted for similar uses, we believe it falls to the discretionary process to determine if a proposed project is compatible with the land use and the best interests of the community.



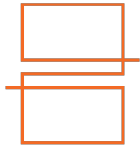
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In turn, we believe this requires assessing whether the proposed project is consistent with other principles established in Humboldt's cannabis land use ordinances, which all other commercial cannabis projects must consider and abide by.

The Proposed Project is Inconsistent with Land Use Principles Driving Ordinances 1.0 and 2.0

On this topic, we believe that the proposed project is in clear violation of numerous land use principles in Ordinances 1.0 and 2.0.

1. The proposed project site is zoned AE in the general plan, and is surrounded exclusively by AG land. If the project site were zoned consistent with its general plan designation and surrounding areas, it would be limited to one acre of cultivation under Ordinance 1.0.
2. Indoor cultivation is limited to 10,000 square feet in MH-zoned districts under Ordinance 1.0. According to the mitigated negative declaration, six acres of the project are proposed to operate as "mixed-light 2" license types with a conservative estimate of 27 (kWh) energy use per square foot of canopy. Mixed-light 2 projects are in many ways comparable to indoor products, requiring significant amounts of artificial light and climate control. The staff report estimates the project will utilize 1.9 MW, a significant proportion of the average 110 MW usage in Humboldt. Additionally, the mitigated negative declaration and staff report contain inconsistent and contradictory statements regarding energy usage and whether the project will be classified as "mixed-light 1" or "mixed-light 2."
3. Cultivation size is capped at 8 acres in Ordinance 2.0. Although this limitation does not formally apply to 1.0 projects, it represents the only community-wide discussion and agreement on the appropriate maximum size of projects.
4. If the project site were zoned consistent with its general plan designation and surrounding areas, it would be limited to 20% of the Prime Agricultural Soils on the parcel. The total size of the project site is 38 acres, meaning if it were an RRR project, it could be sited for up to 7.6 acres of cultivation. We do not see why this standard would apply to AE parcels but not MH parcels.
5. Industrial-zoned lands, including MH, are exempt from the sphere of influence requirements that all other cannabis projects are required to abide by. The proposed project is less than 1,000 feet from the Arcata city line and would fall under the sphere of influence requirements if zoned according to its general plan designation.
6. Unlimited-scale cultivation on MH undermines the premise of the RRR program. As described in Ordinance 1.0, the RRR program is intended to incentivize "the retirement,



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remediation and relocation of existing cannabis cultivation operations occurring in inappropriate or marginal environmentally sensitive sites to relocate to environmentally superior sites.”

The key incentive provided by the RRR program is the capacity to increase the scale of allowable cultivation upon relocating from a marginal site to an environmentally superior site. Granting projects the ability to operate on unlimited scale in MH zoning incentivizes these large scale projects to be developed as new sites, rather than as relocations of older sites with higher levels of environmental impact.

The Project Does Not “Keep Humboldt Cannabis Relevant,” and Threatens the Integrity of the Countywide Humboldt Cannabis Brand

Project proponents have claimed that the project would offer several benefits for Humboldt’s overall cannabis industry. We disagree with these claims, and see far more risks in approving a project of such disproportionate scale in a region of the county ill-suited to cannabis cultivation.

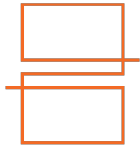
A project proponent has been quoted in local media as claiming:

“We believe that this project helps Humboldt County to stay relevant in the California cannabis market where large-scale cultivation occurring (across the state) has displaced the historical role Humboldt has played in developing the California cannabis industry.”

This characterization is false. As of November 2020, Humboldt County leads the state in both cultivation licenses (1,453) and independent farms (838) by a large margin, composing almost 30% of total cannabis farms in the state. The average size of these farms is approximately half an acre, and half of all farms are under 10,000 square feet.

While it is correct that large-scale cultivation is occurring elsewhere around the state, with several 20+ acre cultivation projects approved on the Central Coast and parts of Northern California, the existence of these industrial-scale projects in traditional agricultural regions only increases the importance of preserving Humboldt’s reputation for small-scale, craft, and independent production.

While Humboldt will never compete with traditional agricultural regions in terms of size and scale of production, it is well-positioned to compete on craft, quality, terroir, and a global reputation for high-quality, artisan cannabis. These principles have led the Humboldt Board of Supervisors to establish a countywide cannabis marketing program to promote Humboldt’s cannabis industry, the success of which will ultimately depend on Humboldt’s ability to maintain a reputation for high-quality, craft cannabis production. Projects of this scale are incompatible with this larger vision for a sustainable and equitable Humboldt cannabis industry.



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Additionally, the proposed project site in the cold, wet, and foggy Arcata bottoms, which is poorly suited to cannabis flower production, provides no conceivable benefits for the reputation or quality of the Humboldt brand, and only threatens to increase misinformation that Humboldt County has become dominated by industrial-size farms post-legalization.

While we understand it is not the Planning Commission's job to vet the quality of cannabis to be produced by projects, it should be understood that claims by proponents that the project will benefit the overall Humboldt cannabis industry are fully inconsistent with the larger vision for a craft cannabis industry expressed by HCGA as well as County policymakers. In turn, this vision may be the only opportunity for Humboldt to maintain its relevance in light of increasing scale of production elsewhere in the country.

The Project Should Be Reduced to a Scale Consistent with Humboldt's Land Use Ordinances

In this context, your discretion is especially crucial. The proposed project is out of line with the intent and purpose of Ordinance 1.0 and 2.0, restrictions applied to other land use zones, and the vision for Humboldt's cannabis industry as codified in multiple County ordinances and programs.

At its current scale, HCGA opposes the project as proposed. However, if the project is reduced in size to eight acres or less - the largest scale contemplated in either land use ordinance - HCGA will remove its opposition.

Thank you for your consideration,

Natalynne DeLapp

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Humboldt County Growers Alliance

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