



Mendocino County Cannabis Equity Assessment February 2020

Abstract: The legalization of cannabis creates remarkable business opportunities in the future, however not everyone who has made a living in the past is able to thrive in the legal cannabis industry. The California Center for Rural Policy (CCRP) at Humboldt State University and the Humboldt Institute for Interdisciplinary Marijuana Research (HIIMR) collected secondary data to create a cannabis equity assessment for Mendocino County. The assessment provides recommendations that will assure assistance is provided to community members that experienced harm from decades of criminalization of cannabis and assist them in participation in the legalized industry in Mendocino County.

Section 1. Executive Summary

The California Center for Rural Policy (CCRP) at Humboldt State University was asked by the Mendocino County Board of Supervisors (MCBOS) to create a Mendocino County Cannabis Equity Assessment (CEA) to:

- Provide a data-informed look at the history of impacts the prohibition and criminalization of cannabis had on the community
- Provide policy recommendations to guide the county as it develops its Local Equity Plan and program activities which will help currently disenfranchised community members successfully enter the legal cannabis industry.
- Make recommendations that will help assure that there is equity and diversity in the emerging cannabis industry

The Board of Supervisors has also authorized CCRP to create the CEA to inform the Mendocino County Cannabis Local Equity Program. In order to accomplish this, CCRP reached out to the Humboldt Institute for Interdisciplinary Marijuana Research at Humboldt State University to help create the CEA.

The County of Mendocino is committed to including equity as a key consideration as the state of California transitions the cannabis industry to legal status. Mendocino County needs an equity program that makes sense for residents and considers the unique needs and assets of the community.

Key Findings/Recommendations

For the complete set of findings and recommendations, please see Section 6.

Finding #1: Equity program eligibility factors should be focused on specific targeted populations most harmed by cannabis criminalization and poverty in order to reduce barriers to entry into the legal, regulated market. Eligibility criteria should be supported by data.

Finding #2: Ensure that applicants meeting equity program eligibility factors have adequate opportunity to take advantage of the program. Consider incentivizing ongoing support for equity applicants.

Finding #3: All peer jurisdictions who have implemented medical and adult-use cannabis regulations require data collection to understand the impact of the industry. CCRP recommends

tracking data on general and equity applicants on an ongoing basis to measure the success of the equity program.

Finding #4: Create specific services/programs for equity applicants that address/mitigate barriers to entering the legal cannabis market that address lack of access to capital, business space, technical support and regulatory compliance assistance.

Finding #5: Continue using cannabis revenues collected by the County for community reinvestment programming to rebuild/restore communities adversely affected by the past criminalization of those involved in the cannabis industry.

Finding #6: All cannabis operators should provide equitable employment opportunities that provide a living wage. These opportunities should include hiring those with past non-violent cannabis convictions, local residents, and other historically-disadvantaged populations.

Finding #7: Geographic disparities may emerge in cannabis-related activities, and scarcity of available land can cause real estate values to rise. Consider land use guidelines that ensure equitable distribution and thoughtful placement of cannabis businesses.

Finding #8: Update the Mendocino County Equity Assessment next year and every 3 years afterwards and create an evaluation plan that will:

- 1) monitor and share progress of the Equity Program,
- 2) monitor and share trends in the emerging legal cannabis industry,
- 3) identify areas for course correction and/or unexpected consequences, and
- 4) demonstrate an ongoing commitment to data-informed decision making and strategic planning to ensure Mendocino County's strong transition to a legal cannabis industry.

Finding #9: Mendocino County should assist cannabis equity clients with opportunities to market and network with other equity businesses across the state.

Section 2. Introduction

Mendocino is a rural county in California with a land area of 3,509 square miles and a population of 87,580 people¹. Approximately 55% of the population resides in urban areas of the county and the other 45% live in rural communities including farms and ranches².

In 2018, Mendocino's population was 76% White, 22% Hispanic, 4% Native American, 1% Asian, .7% African American, and .6% Pacific Islander. 15% reported as two or more races³.

According to the 2018 U.S. Census Bureau, the median household income in Mendocino County was \$47,656, 36% lower than the state's median household income (\$74,605). In Mendocino County, 19.1% of the total population lives below the federal poverty level (FPL).

Mendocino County's economy has historically been resource based, with fishing, forestry, ranching, livestock and other agricultural production, along with related industries that serve them, being the mainstay of the economy. With the collapse of west coast fisheries stocks, decline in livestock production due to predation and offshore imports, and a decline in forestry due to severe over harvesting followed by increased regulation, the traditional job base has steadily eroded with increased job opportunities in visitor serving providing a partial replacement at reduced wages and with different skill sets than those called for in the resource based economy.

The decline in forestry led to significant closures of lumber mills and manufacturing plants, including but not limited to Round Valley/Covelo, Branscomb/Laytonville, Fort Bragg, Anderson Valley and Ukiah with the cumulative loss of thousands of jobs. This decline in traditional employment opportunities coincided with the increased cannabis cultivation that took place throughout the 1980's until the present with significant numbers of displaced workers turning to cannabis as a means of supporting themselves and their families.

The past criminalization of cannabis adversely impacted communities in Mendocino County in a manner unique to its location as the epicenter for the war on California cannabis cultivators that consolidated Federal, State and local law enforcement resources starting in the late 1970s⁴. This history cannot be fully understood without examining the intersection of local, State, national, and global politics that made the place and its people subject to militarized eradication efforts. It

¹ 2018 US Census Bureau.

² 2019 Mendocino County Community Health Needs Assessment: A Summary of Key Findings, p. 19.

³ *ibid*, p. 20.

⁴ Corva, Dominic. 2014. "Requiem for a CAMP." *International Journal of Drug Policy* 25(1): 71-80.

is equally important to understand how the impacts of these eradication efforts and the response to them became integrated into the social fabric of the impacted communities.

In the official record, the singular intensity of America's drug war in rural Mendocino County is most obvious from documents and records related to paramilitary-style cannabis eradication that became formalized in 1983 through the establishment of seasonal Federal, State and local task forces dedicated to eradicating cannabis known as the Campaign Against Marijuana Planting (CAMP). The story begins, therefore, by documenting the fact that Mendocino has been one of two counties most affected by CAMP throughout its nearly 40-year history, from evidence presented in its own annual reports.

Drawing on supplemental materials, this report also describes the communities impacted by the campaign, other instances of paramilitary policing, and perennial conflicts between law enforcement and people involved in legal and quasi legal cannabis production. After the passage of Proposition 215 in 1996, the Compassionate Use Act, California's war on cannabis and its impacts on Mendocino communities evolved new dynamics related to the County's unique efforts to accommodate medical cannabis markets through forms of regulation that included a series of ballot measures, a "zip tie" program initiated by the Mendocino County Sheriff's Office and a permit program for cultivation of up to 99 cannabis plants subject to payment of fees, inspection by the Sheriff's Office and compliance with a long list of conditions.

This process culminated as State regulatory frameworks (including enforcement aspects) whiplashed from 2016's reformist medical cannabis statute, the Medical Marijuana Regulation and Safety Act (MMRSA, amended in 2017 and renamed the Medical Cannabis Regulation and Safety Act, or MCRSA), to the Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), which initiated a radical new direction by authorizing California's first regulatory framework for commercial medical and adult use cannabis markets.

In all periods considered through the report narrative, the Federal war on cannabis provides important context for understanding how Mendocino's unregulated cannabis markets emerged and changed over time, greatly distorting this rural county's efforts to create sustainable, broad-based economic development. The way cannabis was policed created a drug war economy that, at different times, spurred the arrival of new cannabis industry participants. These included an ever-widening segment of the local population looking for a way out of rural poverty, as well as new actors that did not always share the ecological ethics and scale of the communities from which local cannabis livelihoods emerged.

The damage done by the drug war to Mendocino communities includes the proliferation of significant damage to the natural environment done by industrial-scale “green rush” and organized crime activity that was incompatible with the environmental and community values embedded in Mendocino’s multi-generational, smallholder cannabis market culture. While many law enforcement members and the general public supported efforts to draw a bright line to distinguish between communitarian cannabis stakeholders and “green rush” profiteers, many of the former kept getting caught up in the crossfire due to the continuation of Federal prohibition and the ambiguous nature of State legal medical marijuana.

Between 2000 and 2012 County authorities and local cannabis communities tried to manage the increasing dissonance between small scale, 215-compliant and large scale commercially oriented cannabis market participants. But the Federal and State scales of the drug war and the structural violence of the drug war economy stymied efforts to deploy local, less militarized modes of regulation. This resulted in the renewal of widespread mistrust of public authorities and experiences of traumatization continuous in accounts of Mendocino’s cannabis eradication efforts dating back to the 1970s.

The advent of State and local regulatory frameworks for legal production in 2018 did not end the war on cannabis at either the communitarian or commercial scale. California’s war on some cannabis market participants, ostensibly legal and otherwise, remains intact. The primary structural cause of ongoing damage to Mendocino communities has to be located at the Federal level. Ongoing Federal prohibition handicaps the State’s ability to transition to legal markets and their nonviolent regulation. Most obviously, lack of access to banking means that the new market favors actors with access to large amounts of private capital, very little of which is available to the small scale multi-generational legacy cultivators of Mendocino County. At the same time, Mendocino County has a disproportionately large demographic of people with requisite knowledge and skill to otherwise succeed in the market and contribute to the county’s long-term economic development.

Cannabis legalization presents a challenge and an opportunity for thousands of skilled cannabis market veterans in Mendocino County that desire to be part of a long-term, sustainable industry. They have the experience, knowledge, and in many cases the land to become legal, but they do not have the means to overcome barriers to entry and contribute formally as successful members of a sustainable, long-term industry.

The legalization of commercial medical and adult use cannabis in California has dramatically shifted the economic climate. Without significant changes in, and support for what is now significantly a multigenerational local cannabis industry, the county economy and population is

at risk of suffering irreparable harm. A cannabis equity program presents an important opportunity to create an environment where those adversely affected by past policies can operate and thrive in a legal manner.

Section 3. Equity Analysis

Methodology

The California Center for Rural Policy (CCRP) at Humboldt State University was asked by the Mendocino County Board of Supervisors (MCBOS) to create a Mendocino County Cannabis Equity Assessment (CEA) to:

- Provide a data-informed look at the history of impacts the illegalization of cannabis had on the community
- Provide policy recommendations to guide the county as it develops its Local Equity Plan and program activities which will help currently disenfranchised community members successfully enter the legal cannabis industry.
- Make recommendations for future research that will help assure that there is equity and diversity in the emerging cannabis industry.

In order to accomplish this, CCRP reached out to the Humboldt Institute for Interdisciplinary Marijuana Research (HIIMR) at Humboldt State University to help create the CEA.

The Board of Supervisors has authorized the creation of a Mendocino County Cannabis Local Equity Program that is informed by this study.

The County of Mendocino has also authorized the creation of a Mendocino County Local Equity Program Manual to focus on supporting individuals and communities that were negatively or disproportionately impacted by cannabis criminalization.

Historical Context of Cannabis Criminalization in Mendocino County

Northern Mendocino County was “ground zero” for the war on California cannabis-producing communities in the late 1970s. In 1979, California Attorney General George Deukmejian staged the State’s first media-covered helicopter raid in Spyrock, Northern Mendocino, donning a flak jacket and inviting reporters to the scene. After he became governor, his successor John Van deKamp worked with him to obtain federal funding that made such raids an annual affair through the creation of CAMP.

The best indicators we have to demonstrate this are Mendocino County's "plants eradicated" state-wide rank for the two periods for which CAMP data are available: 1984-1995 and 2004-2009 (see figures below). Although Mendocino never ranked first in eradicated plants for each period, its only peer in the first period (the top two combined for more than 60%) dropped considerably in the second period. Mendocino dropped to third in the second period, characterized by a more even distribution of CAMP's geographic focus.

<i>Top 10 CA counties by CAMP eradication</i>	<i>Average plants eradicated 1984-1995</i>	<i>Share of CAMP plants eradicated 1984-1995</i>
Humboldt	40311	36.80%
Mendocino	28298	25.90%
Trinity	5686	5.20%
Santa Cruz	4887	4.50%
Santa Barbara	4050	3.70%
Butte	4029	3.70%
Sonoma	3105	2.80%
Monterrey	2391	2.20%
Shasta	2062	1.90%
San Luis Obispo	2045	1.90%
Lake	1924	1.80%

Source: Camp Reports

Between 1984 and 1996, Mendocino was one of the top two California counties in plants eradicated by CAMP by a significant margin. CAMP supply repression raised the farmgate price and risk profile of cannabis agriculture, which attracted producers to and beyond the region that had no interest in being part of local communities, including professional criminal elements.

During this same time period, to avoid detection, local communities turned to environmentally unsustainable indoor cultivation practices within the county, to protect their multigenerational commitment to stay on the land and avoid the trap of rural poverty. This in turn led to increased indoor production in urban centers south of Mendocino County with the ironic result that a shift towards indoor production, intended to preserve a rural way of life, fostered the growth of competition from urban production. Mendocino legacy growers Nikki Lastretto and Swami Chaitanya have described this phenomenon:

To escape police persecution, some farmers began to rent or build houses in the mountains to grow marijuana indoors under lights. They would put children's toys out in the yard as camouflage decoys and move them every day or so to make it look like a family lived there. Others bought shipping containers for growing, which were sometimes buried underground. Of course, this necessitated the use of generators, whose heat, noise, and fuel needs made them detectable. It wasn't long before farmers realized that they could grow indoors in the city and be more hidden in industrial zone warehouses⁵.

The California Department of Justice lost its CAMP report records between 1997-2003⁶, so it is difficult to tell exactly when things changed. But after 2003, the geography and logic of eradication had shifted, towards increasingly high plant count operations in remote locations on public and private lands across the state rather than intensively focused on Mendocino and Humboldt.

CAMP clearly shifted its *raison d'être* from policing communities to maximizing plant eradication counts and protecting public land from intensive, industrial-style cultivation by organized criminal enterprises, which attracted more Federal funding and less political blowback. However, Mendocino remained a top three county for CAMP eradication between 2004 and 2009, with more than twice the share of plants eradicated than the county ahead of them in the previous era:

<i>Top 10 CA counties by CAMP eradication</i>	<i>Average plants eradicated 2004-2009</i>	<i>Share of CAMP plants eradicated 2004-2009</i>
Lake	333505	15%
Shasta	286151	12.90%
Mendocino	184192	8.30%
Tulare	153648	6.90%
Fresno	144882	6.50%
Humboldt	109646	4.90%
Los Angeles	91113	4.10%
Riverside	89195	4%

⁵ Lastretto, Nikki and Swami Chaitanya. August 14, 2017. *Merry Jane Online Magazine*. The Hardscrabble Origins of California's Fabled Emerald Triangle. Url: <https://merryjane.com/culture/the-hardscrabble-origins-of-californias-fabled-emerald-triangle>, accessed March 1, 2020.

⁶ Humboldt State University librarians have tried to locate CAMP reports from 1997-2003, but according to the California Department of Justice, a disgruntled employee destroyed them (see Corva, 2014).

Trinity	73294	3.30%
Napa	67719	3%
Kern	66957	3%

Source: Camp Reports

This is a significant period for two obvious reasons. First, the passage of California’s Proposition 215 in 1996 shifted the legal grounds for eradicating cultivation sites in the state. And second, CAMP’s reports emphasize foreign, organized crime cultivation, particularly in national forests, as its main target. Domestic non-trespass cannabis cultivators, particularly small ones with low plant counts, were significantly de-emphasized as targets of eradication programs in the wake of Proposition 215.

Although CAMP policing practices professionalized over time, the cumulative effects of annual paramilitary raids initiated in the watersheds did lasting damage to the social infrastructure. During this period, communities became less impacted directly by the trauma of paramilitary raid season, and more impacted by how the politics of policing cannabis in California changed and diverged from the enforcement of Federal prohibition.

As production increased and prices fell, the main impact shifted from direct experience with paramilitary policing to a direct experience of just how unsustainable the drug war economy is. Before we examine the economic impact of the drug war economy on Humboldt County after 1996, though, let’s review how CAMP’s formation and first phase was about enforcement on counter culture communities that were heavily impacted through the criminalization of a plant they often grew and consumed.

CAMP: Policing Communities

Initially, CAMP was especially focused on communities with significant concentrations of “hippies” and other urban refugees that had recently migrated to cut-over timber land and large ranches that had been sold off in numerous small parcels at affordable prices. The dream of going “back to the land” drew many people to an area in northern Mendocino, southern Humboldt, and the adjacent southwestern corner of Trinity County⁷ (Anderson 1987) in watersheds connected to the Mattole and Eel Rivers. Those communities adopted local poet Deerhawk’s combination of the river names to identify a cross-county cultural region known as the Mateel. The environmental and communitarian values of the Mateel watershed communities

⁷ Anderson, Mary. 1987. *Whatever Happened to the Hippies?* R & E Miles. San Pedro, California.

have been extensively documented by Mendocino cannabis community archivist Beth Bosk in a project called “The New Settler Interviews.”⁸

Mendocino County has a long history of involvement in the cannabis industry, associated with a pattern of migration to the rural county that began in the mid-1960s and intensified in the aftermath of 1968, as urban anti-war protesters especially from the Bay Area; Vietnam veterans; and those economically displaced by an industrial economy in general decline migrated to rural areas in search of cheap land where they began to experiment in ways to be left alone on the one hand, and at the same time find new ways to be together, although for different reasons.⁹

The pattern of settlement was especially visible on the Mendocino coast, where communes and hippie communarians proliferated on the Albion Ridge; and on its northern border with Humboldt, where “Beat” generation Humboldt native Bob McKee subdivided his family ranch holdings in Whale Gulch out to people, usually hippies, going “back to the land.” Inland, nascent cannabis-growing communities clustered in the watersheds of the Mattole and Eel rivers but also along the Highway 101 corridor as large ranches like McNab and Greenfield were sold off in parcels. By 1985, the area formerly known to its hippie communities as the Mateel was dubbed the “Emerald Triangle,” a name that may have originated with CAMP, which launched “Operation Emerald Triangle that same year.

In an interview published in 1985, CAMP commander Bill Ruzzamenti made clear that community disruption was a goal of the raids, spelling out that they are going after “community support systems” to get to cannabis:

The situation that’s developed in southern Humboldt and northern Mendocino particularly is that you have vast enclaves of marijuana growers . . . We’re going after the community support system that makes it appear as a viable and legitimate enterprise, since everyone around you is doing it”¹⁰.

Ruzzamenti’s comment illustrates the intense “us vs. them” dynamic that developed as these communities were viewed as outlaws making their own rules and living outside of established norms. It wasn’t just that they grew cannabis, lived communally, let their hair grow, or dressed differently, but that they acted as if growing cannabis was a legitimate industry that it is now becoming more than 30 years later. For their part, the cannabis growers viewed law enforcement

⁸ Bosk, Beth (ed). 2000. *The New Settler Interviews Volume I: Boogie at the Brink*. Chelsea Green Publishing: White River Junction, Vermont and Totnes, UK.

⁹ Boal, I., J. Stone, M. Watts and C. Winslow. 2012. *West of Eden: Communes and Utopia in Northern California*. PM Press: Oakland.

¹⁰ Raphael, Ray. 1985. *Cash Crop: An American Dream*. The Ridge Times Press. 1985. Mendocino, California.

as armed invaders attempting to destroy a benign plant and drive them from the land. The polarization is starkly illustrated by Lestretto and Chaitanya:

Come harvest time in October, the level of paranoia would increase exponentially. The approaching sound of helicopters was a constant threat. Nothing was more sickening than looking up to see large cargo nets full of freshly cut pot plants-the result of a raid by CAMP or the DEA. There were marijuana rustlers as well, and many grow camps were armed and loaded, with booby traps rigged. It was a New Age Wild West.

Everything was on a need-to-know basis; no one talked about weed or growing in public. Deals were done on trust, sealed by eye contact and a handshake. The community dealt with those who broke that trust on its own, without government intervention.

CAMP's community disruption agenda belonged to a "law and order" playbook initiated by the Nixon administration in the early 1970s, which used the broad criminalization of drugs to selectively repress political dissidents, particularly hippies and people of color.

Anti-war hippies had become "soft" political targets of the Nixon administration, grouped with people of color though the drug war as scapegoats to gain "law and order" political capital.

In 1994, former Nixon aide John Ehrlichman spelled this out to journalist Dan Baum:

We knew we couldn't make it illegal to be either against the war or black, but by getting the public to associate the hippies with marijuana and blacks with heroin, and then criminalizing both heavily, we could disrupt those communities. We could arrest their leaders, raid their homes, break up their meetings, and vilify them night after night on the evening news.¹¹

Nixon's War on Drugs used the criminalization of ethnic and countercultural minorities to gain political power, not simply by disrupting their communities but by stirring up a moral panic¹² against his critics through the use of mass media. This practice was so successful that it was adopted by a generation of politicians regardless of party that institutionalized the drug war and drove the rise of mass incarceration. The emergence of CAMP in Mendocino County provides a rural variation on what is more commonly understood as an urban phenomenon, the intensification of paramilitary and parapolice tactics against communities characterized by

¹¹ Baum, Dan. April 2016. "Legalize it All." *Harper's Magazine*.

¹² Scott, John, ed. (2014), "M: Moral panic." *A Dictionary of Sociology*, Oxford New York: Oxford University Press, p. 492.

extreme poverty¹³. But first we must examine the national and global political forces that stimulated the commercialization of what was, initially, just another crop in the hippie garden¹⁴.

The first Green Rush

Starting in 1975 and continuing through 1979, the U.S. government paid Mexico to spray the herbicide Paraquat on its cannabis fields, and advertised the practice widely in the media to scare U.S. cannabis consumers away from Mexican sources. The value of the domestic crop, which could easily be distinguished from its highly seeded Mexican counterparts, skyrocketed. In 1977 the San Francisco Chronicle published a front-page story on the immediate economic impact of this phenomenon on Garberville, the urban “peopleshed” for the Emerald Triangle’s rural watersheds, in an article titled “How a Town Got High.”

This media coverage catalyzed the first “Green Rush,” as new actors, including criminal elements but also existing, non-hippie communities living in rural poverty, realized the potential of the new cash crop. It also drew the attention of California law enforcement, which sent the first helicopters to the region in 1979 when a new Attorney General was elected on a law and order platform. In between, the national political environment also shifted radically.

The Carter Administration, led by drug policy reformer Peter Bourne, came into office explicitly in favor of decriminalizing cannabis. The administration continued Ford’s Paraquat program, leading National Organization for the Reform of Marijuana Laws (NORML) Director Keith Stroup to “refuse to deny” that Bourne used cocaine at a NORML event, in a 1978 Washington Post article¹⁵. Bourne resigned and the Carter administration stepped back from reforming cannabis laws in the country. The political landscape was cleared for the amplification and institutionalization of the bipartisan War on Drugs during the Reagan administration.

By 1979, Mexican imports had dropped significantly and the farmgate wholesale price of domestic cannabis reached \$2000/lb, more than \$11,000 per pound in 2011 prices. At the end of the Paraquat program, Colombia and Thailand exported the bulk of the cheap, low-end cannabis consumed in the lower 48 states, but domestic sources also achieved liftoff. Cannabis production exploded in Hawaii and the Appalachian region of the US, where a resource extraction

¹³ Balko, Radley. 2013. *Rise of the Warrior Cop: the Militarization of America’s Police Forces*. Public Affairs.

¹⁴ Anders, Jentri. 1990. *Beyond Counterculture: The Community of the Mateel*. Spokane, Washington: Washington State University Press.

¹⁵ Clark, Claire and Emily Dufton. 2014. “Peter Bourne’s Drug Policy and the Perils of a Public Health Ethic, 1976-1978.” *American Journal of Public Health* 105(2): 283-292.

commodity bust and therefore rural poverty also provided structural conditions driving participation in the domestic industry¹⁶.

But it was rural Northern California, especially the Emerald Triangle, where increased cannabis production was drawing attention, both for its growing reputation for quality as well as efforts at eradication. Eradication efforts were initiated by State and local law enforcement, augmented by by Federal funding once CAMP was created.

CAMP was created as a joint task force in 1983 to coordinate Federal, State, and local agencies for at least eight weeks every year between August and October to locate and eradicate primarily outdoor cannabis agriculture. It was timed to maximize garden visibility close to harvest time, usually the first rains of October. CAMP's funding sources came from an array of law enforcement and environmental bureaucracies that changed over time, but were dominated by the U.S. Drug Enforcement Agency (DEA) and California's Bureau of Narcotics Enforcement (BNE). Federal agencies that also contributed included the U.S. Forest Service, Coast Guard, Customs, Marshalls, Internal Revenue Service (IRS) and Alcohol Tobacco and Firearms (ATF). Significant California agencies included the Bureau of Land Management (BLM), Fish and Game, Forestry, Corrections and the California Highway Patrol (CHP).

CAMP brought into coordination previously existing county and State efforts to police cannabis cultivation and was initially focused on the three Northern California counties of Humboldt, Mendocino, and Trinity which were dubbed the "Emerald Triangle," a geographical imagination likely introduced¹⁷ by law enforcement as part of a media campaign meant to evoke comparisons with Southeast Asia's opium-producing "Golden Triangle."

In 1979 Republican George Deukmejian, recently elected AG on a law and order platform, donned a flak jacket for the first "media raid" of Emerald Triangle cannabis communities, in northern Mendocino County.¹⁸

After Deukmejian was elected governor of California in 1982, he collaborated with incoming Democrat AG John Van de Kamp and former California governor-turned president Ronald Reagan to institutionalize the state's summer eradication program as a joint Federal, State and local task force. As governor from 1967-1975, Reagan had a history of cracking down on hippies and student protesters, many of whom then migrated to Humboldt and Mendocino in the back-to-the-land movement and created the earliest domestically produced cannabis markets.

¹⁶ Clayton, Richard. 1995. *Marijuana in the "Third World": Appalachia, USA*. Lynne Rienner, Boulder, Colorado and London.

¹⁷ See Corva 2014, p 71.

¹⁸ Hurst, J., and P. Garlington. December 1979. Police play knock knock with home pot growers. *The Modesto Bee*.

Communities were disrupted from regular paramilitary raids that disproportionately targeted Humboldt and Mendocino counties. Enforcement methods often deviated from standards of professional police conduct normally accorded to citizens with constitutional protections. Three key community self-defense institutions emerged in the conflict: the Citizen's Observation Group (COG), which followed CAMP around documenting what happened; the Civil Liberties Monitoring Project (CLMP) which sued the government based on that documentation; and community alert systems that started as networks of walkie-talkies in the hills and evolved into regular programming on KMUD, the Emerald Triangle's community radio station.

In 1985, CLMP, staffed by lawyers from both Mendocino and Humboldt Counties, partnered with the California chapter of the National Organization for the Reform of California laws in a successful injunction against unconstitutional CAMP practices, *NORML v Mullen*. Fifty sworn declarations from County residents alleged

... warrantless searches and seizures, arbitrary detentions and destruction of property, and sustained low-altitude helicopter activity resulting in repeated invasions of privacy, emotional distress, property damage, disrupted schooling and work, and general danger to the public. Plaintiffs contend, in short, that CAMP is "out of control" and has turned its areas of operations into "war zones."¹⁹

In finding for the plaintiffs, the court found that official CAMP policy provided by the attorney general's office and supported by Ruzzamenti's testimony explicitly "endorses warrantless entries, searches, and seizures on private property," lending "considerable credence to the allegations of warrantless searches and seizures and the oppressive character of the resulting encounters with innocent residents." Domestic policing operations, paramilitary or not, had to be held to constitutional standards consistent with the rights of citizens.

In 1990, Operation Green Sweep, a joint Federal-State exercise outside CAMP's scope and guidelines issued by *NORML v Mullen*, was deployed in the King Range near Whale Gulch, which straddles the Humboldt-Mendocino border near the coast²⁰. Green Sweep marked the first time active-duty military units were used to police drug crimes, let alone cannabis, inside the United States²¹.

¹⁹ *NORML v Mullen*. 1985. Url: <https://law.justia.com/cases/federal/district-courts/FSupp/608/945/1465035/>, accessed August 27, 2019.

²⁰ Bishop, Katherine. August 10, 1990, A12. "Military Takes Part in Drug Sweep And Reaps Criticism and a Lawsuit." *The New York Times*, p. A12.

²¹ Mendel, Col. William. 1992. "Illusive Victory: From Blast Furnace to Green Sweep." *Military Review*. December: 74-87.

The resultant lawsuit by CLMP, which focused on environmental harms associated with the operation as well as civil rights claims from communities that found themselves accosted by commandos without due process, dragged out for years before culminating in guidelines issued to the state's BLM for considering environmental impacts associated with eradication operations nominally led by that agency on California public lands²².

Of particular interest to our focus on community disruption, a newsletter from CLMP archives notes comments from one defense lawyer to his own team:

There was almost no irrelevant testimony. It was an impressive mix of commenters [*sic*]. You would have been impressed with the professionalism and seriousness with which the public presented their comments. Informally, I was taken in a way I haven't been before in eight years, with the profundity with which the operations have impacted this area and community. Until these two days of public meetings, I didn't realize the extent of the effects on the people who live there²³.

1996-2008: Diffusion and expansion of cannabis in Mendocino

In 1996, Proposition 215 established protections from prosecution for medical cannabis patients and caregivers. It was the culmination of a six year process catalyzed by the HIV/AIDS crisis, centered in the Bay Area where Dennis Peron was inspired to fight for legal reforms upon the brutalization of his severely afflicted partner by San Francisco Police over cannabis possession. Cannabis flowed south from Humboldt and Mendocino counties to medical cannabis compassion clubs. In 1997, two out of five Mendocino County Supervisors voted for a resolution to refuse CAMP funding.

Although Proposition 215 gave legal protections to medical marijuana it did very little to describe or define the parameters of what fit within those protections. Given the ambiguity of Proposition 215, and in the absence of statewide regulation, local law enforcement and the cannabis community struggled to distinguish legal from illegal medical marijuana activity. Cannabis advocates were adept at pushing the envelope of legality while opportunists attempted, and often succeeded, at using medical marijuana as a cover for illegality.

²² Webster, Bernadette. Spring/Summer 2000. "Greensweep Lawsuit Update." CLMP publication from Spring/Summer 2000. Humboldt Area Peoples Archives (HAPA). Url: <http://www.haparchive.org/civilliberties.org/ss00greensweep.html>, accessed August 27, 2019.

²³ Webster, Bernadette. "The Sweepings of Greensweep." CLMP publication from Spring 1999. HAPA Archives. Url: <http://www.haparchive.org/civilliberties.org/spr99greensweep.html>, accessed August 27, 2019.

Mendocino resident and lifelong civil rights activist²⁴ Pebbles Trippet won a landmark case in 1997, *People v Trippet*, establishing an inherent right to transportation as well as “patient’s current medical needs” defense for possession-related arrests in California. The landmark case weakened California criminal enforcement cases related to possession and transportation. At the same time, as the numbers of cannabis industry participants in the County increased, some adopted “jury nullification” as a tactic, refusing to vote for a conviction no matter what the evidence showed. As a result, law enforcement found it increasingly difficult to obtain convictions for cannabis trafficked through the county.

In 2000, Mendocino voters approved Measure G, legitimizing grows up to 25 plants and making the policing of such small gardens the lowest county priority. With post-election headlines in *High Times* magazine proclaiming “Marijuana Legal in Mendocino County,” the floodgates were open for another green rush of outside actors, many of whom did not embrace the environmental and community ethics of the small scale legacy growers.

Although the provisions of Measure G were later ruled to be unconstitutional it was not challenged at the time. Also, from 2000 to 2008 both the Sheriff and District Attorney in Mendocino County, perhaps in deference to Measure G and later SB 420, were less inclined than their predecessors to arrest or prosecute cannabis cases.

Cannabis cultivation, both small and large scale, grew in Mendocino as it did all over the state, somewhat protected by the gray legal defense opened up by the Compassionate Use Act. In 2004 Senate Bill 420 authorized a medical cannabis identity card system and expanded protections for patients and primary caregivers that organize to cultivate cannabis in a “collective or cooperative” manner (hereafter referred to as “collective”).

SB 420 effectively opened the floodgates once again for the commercialization of California’s medical cannabis markets. There were no limits on how many patients could be in a cooperative, and no limits on how many cooperatives a patient could join. With the advent of “card stacking” (the combining of multiple physician recommendations for medical cannabis to legally justify large scale grow operations) Measure G went from being a uniquely progressive voter mandated policy for accommodating what was by then a multigenerational, communitarian, small-scale cannabis cultivation model to a springboard for dramatically increased production overnight.

Cannabis cultivation, distribution, and dispensing became increasingly ubiquitous in the county, to which there emerged a reaction. Larger scale cannabis production -- almost entirely indoor in the 1990s -- became almost entirely outdoor again for the first time since the 1980s. Even urban

²⁴ Trippet began her activist career in 1960, helping desegregate public lunch counters in Tulsa, Oklahoma.

residential backyards were suddenly filled with cannabis grow operations which led to increasing public visibility and more complaints to the Sheriff's office.

The Sheriff's office had to respond to such complaints, but generally didn't do anything about gardens assumed to be in compliance with Measure G and/or SB 420, including large scale collective gardens after 2004. This led to an increasing drain on public resources, as law enforcement time and energy were spent on situations that were difficult to enforce, on the one hand, and sometimes involved otherwise upstanding members of the community on the other. But the lax legal conditions set by Proposition 215 and Measure G created a gray area in which who counted as upstanding community members and what police actions counted as legal and/or just were subject to political and personal interpretation.

In 2005, for example, a Fort Bragg facility supplying a locally compliant San Francisco medical cannabis delivery service called "MendoHealing" was raided by Mendocino law enforcement²⁵. Law enforcement seized more than 1700 plants and 1000 pounds of cannabis, numbers way above the Measure G's limits. Sixty-five people were discovered trimming and processing cannabis, many of whom were Mexican immigrants who had recently worked in the county's grape harvest. Although the facility contained paperwork, including a letter from Sheriff Tony Craver, confirming the medical status of the operation, as well as patient records supporting a defense as a Proposition 215 compliant collective garden, observers reported legally questionable actions by the law enforcement team:

The crew was handcuffed for about half an hour—"detained but not arrested," they were told—then cut loose and ordered to leave the premises until 9 p.m. Those who returned that night found the warrant and an itemized list of what had been seized on the kitchen table. Our source says, "Anybody that had more than \$100 cash on them, they took it and they didn't give anybody a receipt for it. Since everybody was paid in cash, most of the trim crew had more than \$100 on them... I feel like we were robbed. Somebody broke and entered and robbed us. It was the exact same thing." Migrant workers don't usually use banks, many keep their earnings on them in cash. One man who had worked the grape harvest was said to have lost \$8,000 to the law enforcers.

2008-2016: political and economic volatility

The last decade of local cannabis criminalization in Mendocino County played out in an especially volatile manner, even relative to the rest of California. Economically, Mendocino's

²⁵ Gardner, F. 2005. "The Raid on Mendocino Healing." *Counterpunch*. Url: <https://www.counterpunch.org/2005/11/19/the-raid-on-mendohealing/>, accessed March 1, 2020.

traditional cannabis community was caught between a new “green rush” of actors that valued commercial interests over sustainable livelihoods. And politically, Mendocino County’s small scale, locally embedded, communitarian actors that had consistently operated within the spirit of the Compassionate Use Act were caught in the crossfire of the county’s efforts to define and enforce against profit-motivated, environmentally unsound actors.

The dynamic interplay between regulation and criminalization included Federal criminal enforcement dimensions, particularly in the wake of 2011’s “Operation Full Court Press” that may have led to the demise of the County’s innovative 9.31 permit program and substantially eroded public trust in the County’s commitment to move away from criminal enforcement against legally compliant communitarian market actors.

The Board of Supervisors efforts at cannabis regulation were codified in the 2008 establishment of, and subsequent near-annual revision of Chapter 9.31 in title 9 of the Mendocino County Code. Chapter 9.31 was added to the Code by Ordinance 4197. Chapter 9.31 may be seen as an effort at supporting small scale cultivators but was primarily intended as push back against the successive waves of green rush unleashed by the passage of Measure G and SB 420. Chapter 9.31 set the maximum garden size for any one property at 25 plants regardless of the number of qualified patients residing thereon and established setback requirements from sensitive receptors, including youth oriented facilities, schools, parks, any school bus stop or a church as defined. Thus, for the first time, the Board of Supervisors sought to dramatically limit existing forms and locations for cannabis market activities.

Ordinance 4197 also recognized the existing “zip-tie program”, established independently by Sheriff Allman as a means of distinguishing legal from illegal cannabis. Upon presentation of a State identification card or a physician’s recommendation, and with payment of a fee to the Sheriff’s Office, cannabis cultivators could obtain up to 25 uniquely numbered zip ties to be affixed to the base of individual flowering cannabis plants.

Ordinance 4197 was particularly noteworthy for its codified justifications in section 9.31.020, focusing on the smell of cannabis as a public nuisance since 2004, when SB 420 was passed, in findings 9, 10, 14, 16 and 18. Actual criminal activity is mentioned by itself in finding 15 as a short sentence that says “[t]here have been several marijuana cultivation related incidents, some including acts of violence.” The ordinance was focused more on establishing civil limits to cannabis activity as a public nuisance than controlling it as criminal activity, but for the first time in 14 years local law enforcement was being legally tasked with more enforcement.

Although Measure G was enacted as a citizen initiative in 2000, it was belatedly codified in County code in 2007 in response to advocacy from cannabis advocates. In addition to recognizing the standard of 25 plants per parcel the Board of Supervisors also recognized a possession limit of two pounds of dried cannabis. Cannabis advocates were dissatisfied with the possession limit, which is considerably less than the yield from 25 plants, while those concerned with the proliferation of illegal cannabis related activity were concerned that it facilitated commercial transportation and sales.

In direct response to the codification of Measure G a group of citizens lobbied the Board of Supervisors to place Measure B on the ballot to repeal Measure G and adopt the State limits of six mature plants and 8 ounces of dried cannabis. Measure B was controversial. Cannabis market participants faced a sudden reduction in the scope of their allowable activities and campaigned hard against it, although a caregiver would have been able to cultivate up to six plants for multiple medical patients but with the total capped at 25 per parcel. . For much of the campaign Sheriff Tom Allman remained neutral, deciding to come out in favor of the measure when its opponents used a photo of him in uniform and circulated a quote that he felt was taken out of context and implied that he was against it.

The quote itself is notable as an artifact of Mendocino law enforcement attitudes towards using resources on types of cannabis market activity that could be construed as outside the bounds of community values and interests:

Investigating violent crime will remain our top priority. We do not, and will not, target small grows. We will continue to focus on large grows and complaints about growers who create a public nuisance, endanger public safety or trash the environment²⁶.

Just what constituted small grows and public nuisance was precisely what Measure B re-codified: the quote was neutral with respect to that change.

In January 2010, the State Supreme Court, in deciding *People v Kelley*, and partly relying on *People v Trippett* as precedent, ruled that California's default medical cultivation and possession limits that formed the basis of Measure B's guidelines were an impermissible amendment to the Compassionate Use Act. Measure B achieved its goal of aligning local plant and possession limits with State law, however the precise limits in place when Measure B was approved by local voters had been replaced with the much more ambiguous "Trippett standard" that a medical patient may possess the amount of medical cannabis reasonably related to their current medical

²⁶ Staff. 2008, May 14. *Ukiah Daily Journal*. "Sheriff Endorses Measure B." Url: <https://www.ukiahdailyjournal.com/2008/05/14/sheriff-endorses-measure-b/>, accessed March 1, 2020

need. However, the voter approved repeal of Measure G, the provisions of which were ruled to be unconstitutional, was upheld.

While Measure B was making its way through the court system, efforts were underway to revise Chapter 9.31. A 2016 ordinance revision described the 2010 situation succinctly:

[I]n 2010, in response to complaints that the 25 plant per parcel limit was too restrictive and that the overall impact on negative impacts was less than optimal, the County amended this ordinance to allow for an exemption to the 25 plant per parcel limitation provided that those seeking the exemption apply for, obtain, and abide by the conditions of a permit issued by the Sheriff²⁷.

In addition to the 25 plant limit per parcel, advocates were concerned about the setbacks from sensitive receptors, particularly school bus stops, which were not clearly defined and were subject to change without notice so that a garden that was considered legal one day could be illegal the next. At the same time, there were no setbacks from residential dwellings which brought no relief to neighbors of backyard garden sites.

The Board of Supervisors amended 9.31 through Ordinance 4235, which retained the individual and collective garden plant limits of 6 and 25 mature plants but created an exemption to allow for the cultivation of up to 99 plants subject to applying for, obtaining, and complying with the conditions of a permit from the Sheriff's Office. The numerous conditions were intended to protect public safety and the environment and included a requirement that an application for exemption would only be granted on parcels of at least 5 acres. These conditions also mandated participation in the otherwise voluntary zip tie program which was established in 2008.

Ordinance 4235 also established stringent guidelines for growing indoors in an effort to discourage indoor growing. As mentioned above, illegal cannabis cultivation moved mostly indoors in the 1990s in response to increased enforcement against outdoor production by CAMP and the County of Mendocino Marijuana Eradication Team (COMMET), Mendocino's year-round county eradication task force. The regulatory framework grew much more complex, but instead of administration being assigned to civil authority Ordinance 4235 charged the Sheriff's Office with a large laundry list of regulations to check to achieve and investigate compliance with public safety and environmental protection policies. Although Sheriff Allman opposed the 9.31 permit program prior to its adoption, his department administered it with flexibility while achieving the goals of regulation and protection of public safety and the environment.

²⁷ Mendocino County Ordinance 4356, Section 9.31.030, Finding L.

Again, 2016's Ordinance language provides a clear perspective on the 9.31 permit program, in Finding M:

The exemption came to be known as the 9.31 permit program and successfully provided a means for medical marijuana cultivators to be clearly in compliance with state and local law while protecting the public peace, health, and safety, including the environment.

The 9.31 permit program sought to draw a clear line between cannabis cultivation by people who could be governed as legally compliant members of communities, and people who could not. In the absence of meaningful State regulation and continued Federal prohibition Mendocino County tried to deal with the impact of cannabis criminalization, including the way it perversely incentivized relatively selfish behavior, by creating a way for its law enforcement officers to distinguish between legally compliant "good" cultivation and more questionable "bad" cultivation that was subject to eradication and prosecution.

During 2010 and 2011 approved medical cannabis cooperatives with an exemption could purchase zip-ties from the Sheriff's office to be attached to each flowering plant, creating a revenue stream that helped save the county's law enforcement budget from cuts related to effects from the 2008/09 financial crisis. The 9.31 permit program was featured on National Public Radio's (NPR) *This American Life* program²⁸, on August 16, 2013. NPR interviewer Mary Cuddehe connected the value of the 9.31 permit program but to with wider financial crisis:

At the time, Mendocino, like counties and states all across the country, was facing huge budget cuts. Allman had already been told that he needed to lay off five deputies. But 9.31 brought in almost a million dollars in the first two years, enough to keep those jobs.

In the interview, Allman emphasized clearly how he felt the program benefitted Mendocino County communities: "I was very excited to have clear regulations. I feel that overall it was a very healing time for the community."

The "healing time" to which he refers wasn't just about reducing the impact of enforcement on otherwise law-abiding citizens in the community. He felt that the program freed up resources to go after cannabis market participants that weren't popular even with communitarian cannabis market participants, especially environmentally damaging cultivation on public lands. Armed with a clear distinction and liberated bandwidth, in 2011 Allman joined other rural California

²⁸ Cuddehe, Mary. August 16, 2013. *This American Life*, Radio episode "Nipped in the Bud." Online transcript url: <https://www.thisamericanlife.org/503/transcript>, accessed March 1, 2020.

agencies to partner with National Guard, the DEA, the FBI, the Bureau of Land Management, California Fish and Game, and the National Bureau of Land Management for “Operation: Full Court Press,” a CAMP-style²⁹ eradication effort focused mostly in the Mendocino National Forest.

The 2013 NPR interview reflects Allman’s analysis of how that operation led to the demise of the 9.31 permit program in 2011. Two weeks after the operation concluded, he met with the US Attorney for Northern California Melinda Haag, the FBI supervisor of Northern California, four other sheriffs, and four district attorneys to brief them on the program. Two months after the meeting, in which Haag’s office (according to NPR) claimed to rebuke Allman for running a program that wasn’t consistent with federal law, the Sheriff received notification from federal authorities that they were raiding Matt Cohen, a strong advocate for regulation and one of the first farmers who had signed up for the permit program.

In the NPR piece, Mendocino County Supervisor John McCowen expressed the theory that when Federal law enforcement came to Mendocino for Full Court Press, they didn’t like what they saw and wanted to prevent other counties from emulating the program. McCowen said: “I do have it on good authority that the federal attorney and others were actually getting calls saying, ‘We understand what Mendocino County is doing is working very well. How do we do that?’”

In 2011 the permit program had grown to approximately 95 applicants, a significant increase from the 18 who participated in the first year. The program appeared to be meeting multiple objectives of drawing a bright line for local law enforcement and creating a pathway for cultivators to be recognized as State and local legally compliant while simultaneously protecting public safety and the environment. In contrast, no one was inspecting the environmentally damaging trespass grows operated by organized criminal actors since estimates (that some say are optimistic) are that only 5 or 10% of illegal grow sites are eradicated by law enforcement on an annual basis.

Deeply rooted mistrust of government authority that had been growing for three generations developed another layer, given Federal prohibition that continues to this day. Even if local authorities recognized communitarian approaches to cannabis market participation, local efforts to regulate cannabis could still be used by extra-local authorities to disrupt and impact local communities. This is a condition that holds today, and will hold as long as Federal prohibition remains in effect, and significantly impacts current decisions to try to participate in California’s fledgling legal market.

²⁹ For several years at the beginning of the 2010s, CAMP was rebranded as CERT, Cannabis Eradication and Reclamation Teams, operating mainly in national forests and remote timberlands.

Allman's final reflection from the NPR piece is telling, because it illustrates how the Federal criminalization of cannabis shut down a program that, from the perspective of the Mendocino County Sheriff, was a successful community relations program:

Two years ago, people were paying cops \$500 a month to come to their house, count the number of marijuana plants, make sure they weren't stealing water, make sure they weren't using dangerous environmental practices and they weren't spilling diesel. I mean, what better solution is there than to have this open communication? But we're not going to have that now.

In a separate interview, when asked by journalist Michael Montgomery "Do you trust the federal government at this point?" Supervisor McCowen responded:

It's not a question of trust, I'm just wondering what the intention was? Because if the intention was to go after people that are out of bounds creating problems, I'm concerned that the raid on someone like Matt Cohen, who is legally as compliant as he can be, sends the opposite message, and will have the impact of driving legitimate medical marijuana underground, further endangering public safety and the environment. I can't believe that's what we want to do.³⁰

Following completion of the 2011 cultivation season, Melinda Haag, U. S. Attorney for the Northern District of California delivered an ultimatum to the Mendocino County Counsel that unless the County shut down the 9.31 permit program she would initiate action in Federal Court to do so. In the face of a direct threat, and in light of Federal prohibition, the County adopted Ordinance 4291 in February 2012 which eliminated the 99 plant exemption from the 25 plant per parcel limit. Medical marijuana patients and collectives were once again limited to 25 plants per parcel and were still subject to the setback requirements from sensitive receptors. They could also continue to purchase zip ties but were no longer governed by a formal regulatory system.

Not content at shutting down the 9.31 permit program, in October of 2012 DOJ issued a Federal Grand Jury Subpoena to the Mendocino County Sheriff's Office for any and all records related to the 9.31 permit program and the zip tie program including those related to permit applicants, permit holders and inspectors and all financial institution account numbers utilized by Mendocino County and the Mendocino County Sheriff's Office and District Attorney's Office. The County initially filed suit to quash the subpoena and the following year adopted Ordinance 4302 which amended to Chapter 9.31 to add section 9.31.015 which declared that all medical

³⁰ McCowen, personal communication, February

cannabis information collected by the county was intended to be confidential, retroactive to 2008.

The County eventually struck a deal to provide information for specific cultivation locations identified by the DOJ. Despite the best intentions of Mendocino County, Federal criminalization of cannabis eventually subverted Mendocino County's effort to create a State legal regulatory framework and reduce impacts to the community and the environment, into an unwilling informant on the community it was trying to protect.

It would be three years later, in 2016, when the County again took to the task of constructing new medical cannabis regulations.

2016-present: transition to legal frameworks

In 2016, two processes that started independently of each other happened at once, ushering a new period of rapid change for Mendocino County communities. The California State Legislature had passed the Medical Marijuana Regulation and Safety Act in 2015 (MMRSA), which went into effect on January 1, 2016, to regulate and tax medical cannabis statewide. It was re-worked in 2016 as the Medical Cannabis Regulation and Safety Act (MCRSA), and it created a short-lived Bureau of Medical Cannabis Regulation (BMCR). Mendocino County's 9.31 permit program finally had a state-level counterpart, although as we have seen the 9.31 program had been gutted due to Federal intervention four years earlier.

At the same time, California voters passed a legalization initiative, the Adult Use of Marijuana Act (AUMA), that overlapped considerably with MMRSA with respect to regulation and taxation but was focused on transforming commercial cannabis activity previously associated with medical cannabis markets into a non-medical, adult-use legal framework. MMRSA, though, initiated a dual state-local licensing requirement that meant local jurisdictions like Mendocino were once again in the business of licensing and taxing medical cannabis operations.

The significant regulatory overlap between the two regimes propelled the legislature to combine them into one, the Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCSRA). Although MAUCSRA was a major reboot of California cannabis law, it “did not create a legal tabula rasa ... Instead, MAUCSRA changed and augmented existing laws, making California cannabis laws more byzantine than ever³¹”. The BMCR became the Bureau of Cannabis Control (BCC), but shared regulation authority with new cannabis-specific branches created within the California Department of Food and Agriculture and the Department of Public Health.

³¹ Figueroa, Omar. 2018. *California Cannabis Laws: MAUCSRA* edition. Page 3.

In 2016, Mendocino voters passed Measure AI, establishing a local tax rate on medical cannabis businesses and allocating revenue from those taxes to general county services, including illegal cannabis enforcement but not specifically to any services related to the civil regulation of new legal frameworks. Although funds from Measure AI have not been specifically allocated to support cannabis development, the Mendocino County cannabis program has been heavily supported by the General Fund with allocations for additional personnel, vehicles and equipment.

Additionally, significant amounts of time have been contributed to the program on the part of the Executive Office, Clerk of the Board staff, the Board of Supervisors and County Counsel. Significant funds have been expended on outside consultants to conduct environmental review of ordinance amendments and to create specialized “opt-in” and “opt-out” zones in response to neighborhood preferences. Implementation of the cannabis program has been hindered by inefficient and frequent turnover in administration of the program. Meanwhile, using existing funds and programs, the Sheriff’s Office has continued enforcement against unpermitted (including an increasingly nervous demographic of “yet to be permitted”) cannabis operations.

Delays in processing cannabis business applications at the State and local levels have increased the cost of transitioning “heritage” cannabis applicants (defined by the county as those operating before 2016) to the new market considerably, given the high cost of meeting state and local regulatory requirements with no access to capital to make the improvements.

The capital barriers to entry situation for potential Mendocino equity applicants is greatly exacerbated, especially for cultivators and small business operators, by the collapse of wholesale cannabis prices on the west coast of the United States since about 2009. This phenomenon is relatively independent of market fluctuations due to local regulatory volatility; and also independent from the very recent emergence of state-legal cannabis markets. It is, however, directly related to the ebb and flow of cannabis criminalization in the State.

The paradox of cannabis legalization in California is that now that legalization is within reach, it is too late for the vast majority of small businesses and communitarian individuals historically involved in cannabis markets, because they have not accumulated capital during that time period. Instead, larger commercial enterprises that were more likely to have been associated with organized crime and environmentally impactful business practices are in a much better position financially to transition to the legal market.

The following section reviews how the enforcement of cannabis criminalization structurally creates boom and bust cycles that we are accustomed to seeing with unsustainable resource

extraction economies; and that the onset of the bust before any opportunity to transition to a regulated, sustainable future confounds Mendocino's efforts to create conditions for sustainable economic development in the context of rural poverty.

The Drug War Economy and County Economic Development

Adjusted for inflation, wholesale farmgate prices remained fairly stable from the 1980s to the mid-2000s as cannabis eradication suppressed supply and drove up risk capital, pushing cultivation indoor and to more remote areas of California including public lands. After the passage of Proposition 215 in 1996, however, eradication efforts declined considerably due to the gray area created by the state initiative. As CAMP retreated from policing small growers with medical authorizations, risk fell and production from people embedded in communities and many who were not increased dramatically. This echoed the pre-CAMP, post-1978 original "green rush," with similar dynamics.

The gradual post-1996 statewide decline in the enforcement of cannabis criminalization in the context of ongoing Federal prohibition created major shifts in the economic geography of cannabis production in California, with national, global and Mendocino-specific implications. Local Mendocino cannabis cultivation and market activities increased, like the rest of the state. But Mendocino's geographic position south of Humboldt County, its sister cannabis producing county, meant that an enormous flow of cannabis passed through the county on 101 on its way to the Bay Area, the rest of the state, and indeed the country. This process certainly accelerated in Mendocino County after 2000 with the passage of Measure G and after 2004, with the passage of SB 420. Dispensaries, especially in the Bay Area, evolved as more vertically integrated enterprises using local urban warehouse production. In the first half of the first decade of the century, two things happened.

First, rural producers lost share in urban markets in California to indoor producers. And second, rural and urban California producers surpassed Mexican imports as the primary supplier of cannabis consumed elsewhere in the United States. It's not clear which came first, but the two are clearly related and implicate the third event: a price collapse between 2009 and 2018. This signaled an end to a 30-year boom sustained entirely by prohibition's function as a price support mechanism which added artificial value based on risk.

In 2009, the wholesale farmgate price for a pound of cannabis was about \$3000. By 2011, it was under \$2000, and by 2014 it had dropped to \$1200. At the end of 2018, wholesale pound prices bottomed out at about \$500. Unregulated cannabis cultivation ceased to be much of a viable business model. This had the effect of driving many profit-motivated, large-scale, mono-crop

producers out of cannabis cultivation towards more profitable pursuits elsewhere. For smaller scale cannabis market participants for whom Mendocino was home, however, leaving was not an option.

Legalization, which formally began for California in 2018, did not cause the economic collapse of unregulated cannabis cultivation as an economic engine for the production of rural livelihoods. Rather, runaway production, especially in northern California and southern Oregon, catalyzed the commodity bust that intensified conditions of rural poverty in the County.

In particular, this means that communities affected by the war on drugs in Mendocino County were ill-prepared to enter 2018's regulated legal cannabis industry, which as noted before is a system characterized by extremely high capital barriers to entry due to the ongoing Federal criminalization of cannabis.

Conclusion

The cannabis markets that developed between 1996 and 2008 allowed many residents of a county characterized by conditions of rural poverty to develop novel livelihoods, ostensibly in compliance with California's Compassionate Use Act. For eight years, until 2004, traditional medical cannabis markets remained fairly stable if increasingly public and perhaps a little odorous.

After 2004, as the HIV/AIDS crisis subsided and commercial medical cannabis markets developed throughout the State, the idea that cannabis needed to be regulated in Mendocino County emerged as a political issue, culminating in 2008 when Measure B passed at the onset of the global financial crisis.

For the next three years, the County and its communities navigated how to grapple with ways to govern cannabis beyond the use of law enforcement, even if law enforcement was tasked with implementing those ways. As Federal forces took a wrecking ball to Mendocino County's forward-looking experiments in California local governance, the commodity boom went bust and the livelihoods that had developed during the preceding 12-year stretch, when cannabis policies tended towards liberalization rather than regulation across the State, became precarious.

The present impacts of cannabis-specific drug war criminalization on communities in Mendocino County arguably have much deeper roots and lasting effects than just about anywhere else in California. Part of this has to do with Mendocino's unique efforts to accommodate small, otherwise law-abiding cannabis businesses through regulation administered through its criminal

enforcement agencies. This strange arrangement meant that every few years a different “bright line” was drawn between legitimate and illegitimate cannabis market activity, and once that line was drawn more criminal enforcement was enacted, which often caught folks on the other side of that line in the crossfire. Conditions of rural poverty created an incessant “pull” factor into cannabis market activities of all types, dating from the beginning.

In some ways, what has happened in Mendocino prefigured what is happening in California now, just two years after the State chose to create an entirely new legal cannabis market rather than integrating its globally-integrated existing ones. CAMP, for example, has been resurrected from wherever it went after it became CERT, an environmental policing program mostly for protecting public lands. This time, some of the public reasons for enforcing against state-illegal cannabis activity include protecting the nascent market from its perceived competition, which is also Federally illegal.

Enforcement never went away. Between 2008 and the present moment which includes conditions of State legalization, Mendocino communities continued to be impacted by forms of paramilitary policing and related trauma. Last year, in 2019, the California governor pulled National Guard troops from the Mexican border to go after the remaining industrial scale grows on public and private land in Northern California, with a particular emphasis on Humboldt and Mendocino counties. Just like 40 years ago, however, it is clear that small farmers -- including those awaiting permit processing -- were caught up in the crossfire.

In a recent prohibition impact survey administered by the Mendocino Cannabis Alliance, populations impacted within Mendocino included: Covelo, Redwood Valley, Cave Creek, Laytonville, Spyrock, Covelo, Round Valley, Anderson Valley, Comptche, Willits, Greenville Ranch, Potter Valley, Ukiah, Redwood Valley, Mendocino Village, and the Coastal Community. Reported personal impacts ranged from arrests, loss of income, asset forfeiture, loss of employment, police harassment, and trauma associated with enforcement. Reported incidents ranged in time from more than 40 years ago to 2016. And they all report that personal impacts damaged their ability to take care of their families, participate in community organizations such as nonprofits and volunteer fire departments, and trust in government. This latter impact is one the top two reported obstacles to legal industry transition, along with access to safe banking.

On July 1, 2019, permitted cultivator, Mendocino Cannabis Alliance Policy Chair, and second generation cannabis cultivator Casey O’Neill wrote a letter published in the Mendocino Voice in response to National Guard enforcement. The introductory and concluding paragraphs state:

I write today as a son of Mendocino County, and as Policy Chair for the Mendocino Cannabis Alliance. I write as a farmer and homesteader to speak to the heavy-handed

enforcement that is happening in our communities. I am appalled by what has been reported to me regarding law enforcement treatment of small-scale cannabis cultivation. There are two issues I grapple with: first, small cultivators being caught up as collateral damage when cannabis laws are enforced through militarization; and second, the atrocious and inhumane treatment of those enforced upon, whether “properly” targeted or not ...

Collateral actions should be limited and homes should not be violated. Chopping down plants is one thing, ransacking homes is another. Community members find themselves caught between the rock of enforcement and the hard place of a convoluted and unaffordable permitting process. *Enforcement without opportunity is a broken paradigm* [emphasis added].

O’Neill’s final sentence bears directly on why Mendocino County is applying to the state for equity funds. Cannabis legalization, as a defection from patterns of national cannabis criminalization that began as a political strategy to target Richard Nixon’s domestic enemies, is in its infancy. A great deal of work remains to make it work the way it is supposed to, to eliminate prohibition’s impacts on California communities. Enforcement remains part of the state’s policy tool kit, and equity grant funds are desperately needed to help create the kinds of opportunities that could fix what is otherwise a broken paradigm.

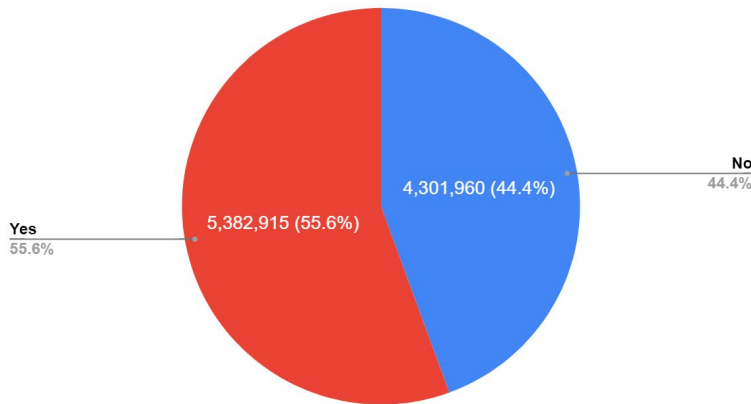
The equity program seeks to support small businesses, and the restoration of ecologically sustainable principles that characterized the emergence of cannabis agriculture in Mendocino County, which was the birthplace of cannabis agriculture in California. Traditional cultivators that are left behind are vulnerable to remaining dangerous criminal elements; have been doing it so long there is no viable career alternative; cannot receive help mitigating pre-cannabis timber-related environmental problems where they settled; and cannot afford to implement sustainable cultivation practices to address environmental problems that have emerged around them.

History of Cannabis Policy Reforms in California & Mendocino County

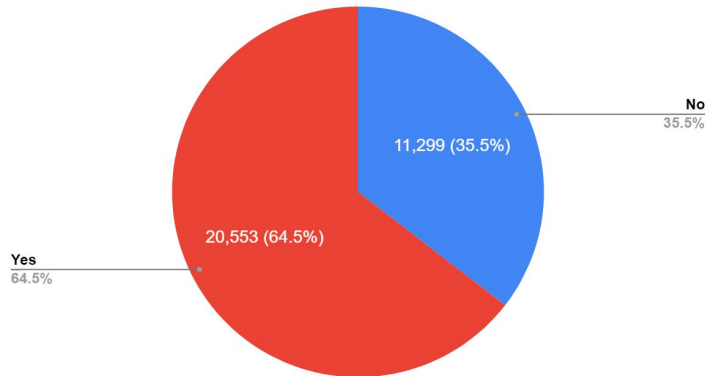
California

In 1996, California passed Proposition 215, the Compassionate Use Act. Mendocino County also supported the measure. California was the first state in the United States to legalize cannabis for medical use.

State of California 215 Election Results



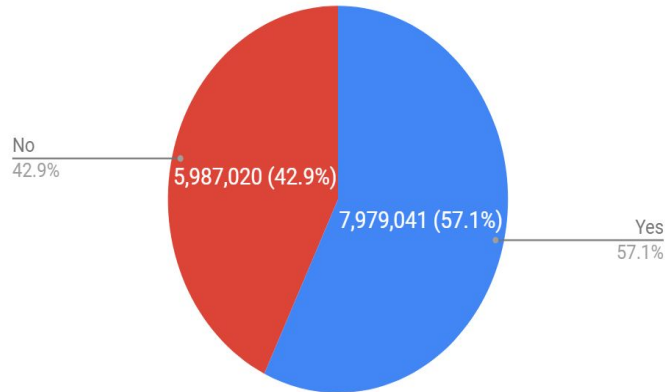
Mendocino County 215 Election Results



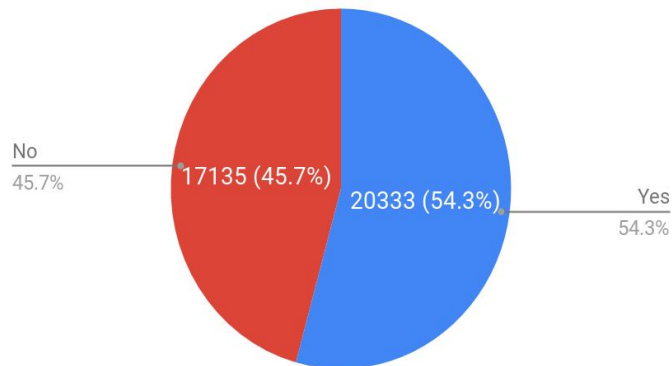
The Compassionate Use Act made it possible for patients and qualified caregivers to cultivate and possess cannabis for personal medical use. No regulatory structure was put in place. California voters continued to push for policies to decriminalize drug use, as evidenced by the voter-approved Substance Abuse and Crime Prevention Act in 2000, which allowed the state to offer eligible offenders convicted of drug use and/or possession treatment instead of jail time.

In 2016, California established a legal framework to regulate and monitor cannabis dispensaries after the passage of the Medical Marijuana Regulation and Safety Act. On November 8, 2016, California voters passed Proposition 64, the Adult Use Marijuana Act. Proposition 64 legalized the distribution, sale, and possession of cannabis. It passed with 57% of the vote statewide and 54% in Mendocino County.

State of California 64 Election Results



Mendocino County Prop 64 Election Results



Mendocino Measures

The below section provides a high level summary of Mendocino's cannabis-related measures and programs from 2000- the present.

Date: 2000

Title: Measure G

Summary: Measure G's focus was on how many marijuana plants could be legally grown by residents of Mendocino County. This measure set the limit of growth to 25 plants for personal use and made marijuana enforcement the lowest law enforcement priority. This measure was passed by 58% of Mendocino County's voters.

Date: 6/3/2008

Title: Measure B

Summary: Measure B's focus was on how many marijuana plants could be legally grown by residents of Mendocino County. This measure repealed Measure G and reduced the limit of 25 plants to a limit of 6 plants, in line with State guidelines. Measure B was approved but was tied up in court and the State guidelines were eventually ruled unconstitutional.

Date: 2008

Title: Chapter 9.31

Summary: Chapter 9.31 limited marijuana cultivation to a maximum of 25 plants per parcel and adopted setbacks from sensitive receptors including youth oriented facilities, parks, schools and churches.

Date: 2010-2011

Title: 9.31 Permit Program

Summary: The 9.31 Permit Program created a licensing system for allowing streamlined monitoring of marijuana growers. This allowed farms to grow more plants, if they registered for a license, paid for zip ties on each plant, and paid inspection fees.

Date: 8/2/2016

Title: Cannabis Business Tax

Summary: To impose a tax on the privilege of cultivating, manufacturing, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing cannabis and/or cannabis products by commercial businesses in unincorporated areas of the county.

Date: May 17, 2016

Title: Urgency Ordinance

Summary: The Urgency Ordinance was adopted as a stopgap measure to put a regulatory system in place for the 2016 cultivation season while a permanent ordinance was developed, including environmental review. The Urgency Ordinance was terminated as settlement of a lawsuit but (need to research number) applicants were allowed to complete the permit process.

Date: 4/4/2017

Title: Mendocino Cannabis Cultivation Ordinance

Summary: Regulation of the cultivation of cannabis within the unincorporated areas of Mendocino County in a manner consistent with State law. This ordinance promotes the health, safety, and general welfare of the residents and businesses through balancing medical needs, public safety needs, and environmental impact needs.

Date: 4/4/2017

Title: Cannabis Cultivation Sites

Summary: The objective is to allow the cultivation of cannabis in locations that are consistent with the intent of the base zoning districts and to help ensure that its cultivation and related activities will not create adverse impacts to the public health, safety, and welfare of the residents of the County of Mendocino.

Date: 10/17/2017

Title: Cannabis Facilities

Summary: Regulation of the processing, manufacturing, testing, dispensing, retailing, and distributing of cannabis within the unincorporated areas of Mendocino County in a manner consistent with current State law.

Date: 11/16/2017

Title: Cannabis Facilities Businesses

Summary: A “Cannabis Facility Business License” is a revocable, limited-term grant of permission to operate a cannabis processing, manufacturing, testing, retailing/dispensing, distributing, and/or microbusiness within the county. A Cannabis Facility Business License shall be required for the operation of any cannabis facility.

Date: 11/5/2019

Title: Cannabis Economic Development Ad Hoc Strategic Plan

Summary: Our vision is to scale the unique heritage and culture of our cannabis community to drive revenue, and increase sales in a way that will enhance the standard of living for all its citizens. Our goal is to improve the economic forecast for the county by generating 50% more revenue from cannabis over the next 5 years.

Drug Arrest Rates in Mendocino County, California and the United States

Mendocino County

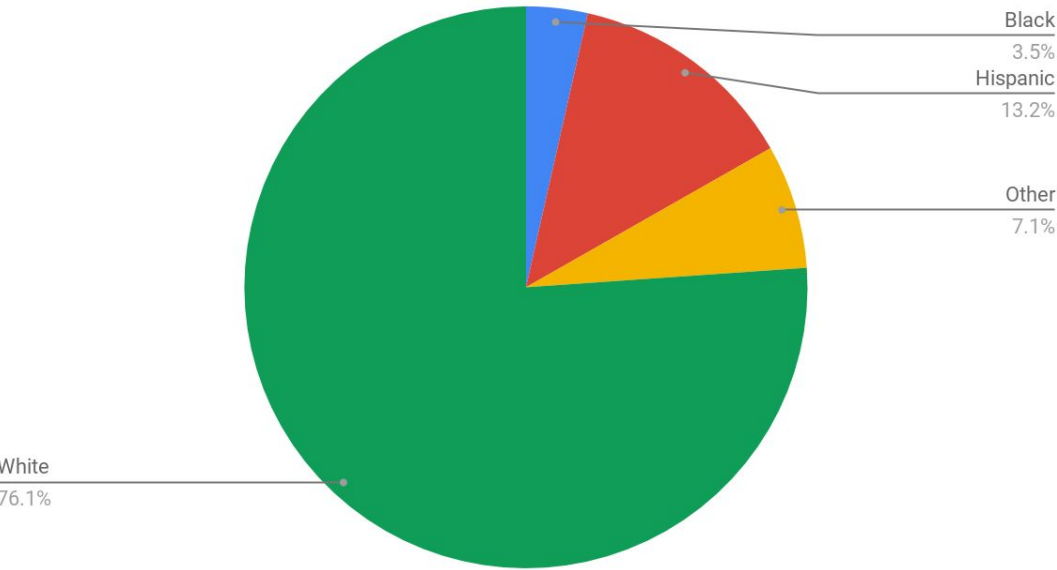
Public data related to drug-related arrest rates was obtained from the California Department of Justice. The below tables illustrates the number of arrests for felony drug offenses for Mendocino County from 2011-2015. Mendocino County had a drug restitution program in place at this time and those charged with a felony could participate in a restitution program instead and the felony charge would be dropped.

Felony Arrests for Drug Offenses Mendocino County, 2011-2015

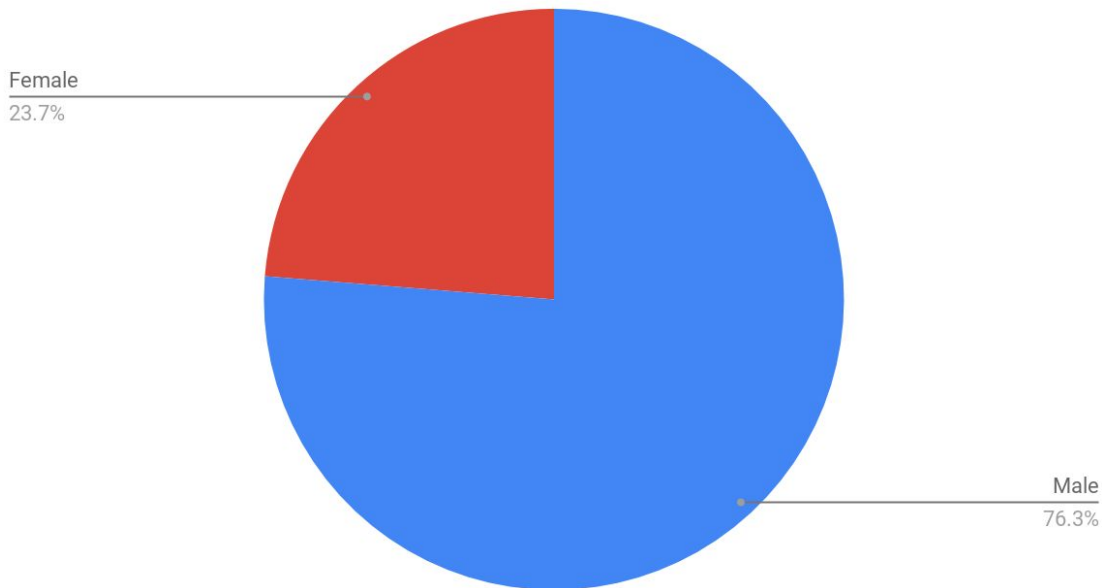


The below figures show the drug arrest data for Mendocino County by race, gender and age group from 1980-2018.

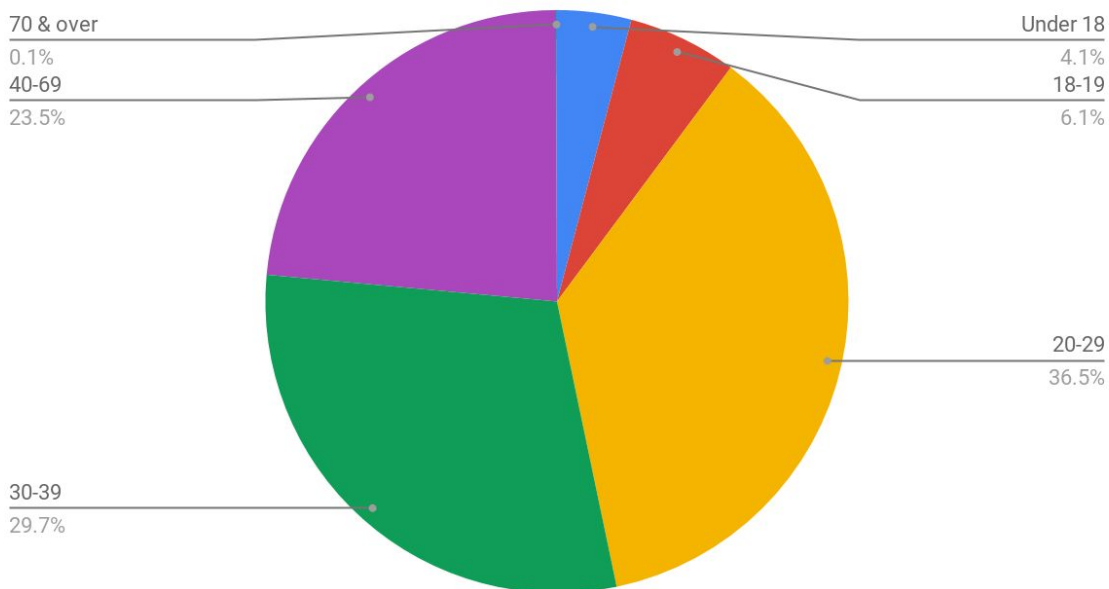
Mendocino County Drug Arrests by Race, 1980-2018



Mendocino County Drug Arrests by Gender, 1980-2018



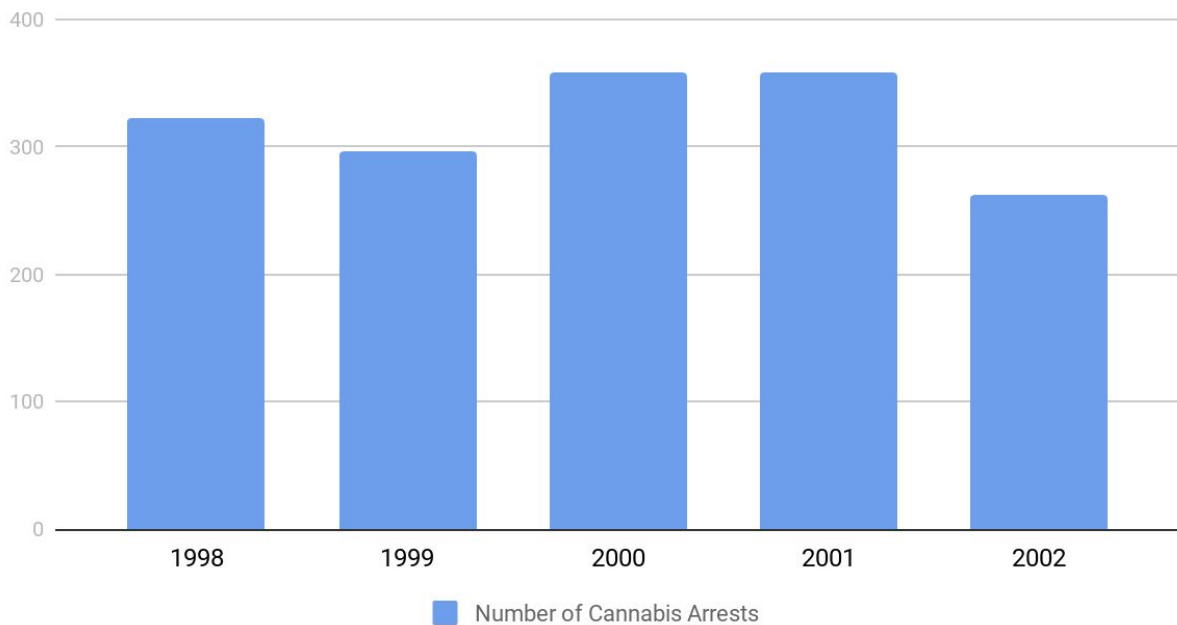
Mendocino County Drug Arrests by Age, 1980-2018



Cannabis arrests by county for California was obtained from the Uniform Crime Reporting Program. Cannabis-related arrests between 1998 and 2002 ranked Mendocino County as #9 highest of 58 counties for rates of cannabis arrests. The tables below show that small, rural counties in California were disproportionately affected by cannabis arrests. Between 1998-2002,

Mendocino County had significantly higher rates of cannabis arrests than the state of California as a whole.

Mendocino County Cannabis Arrests, 1998-2002

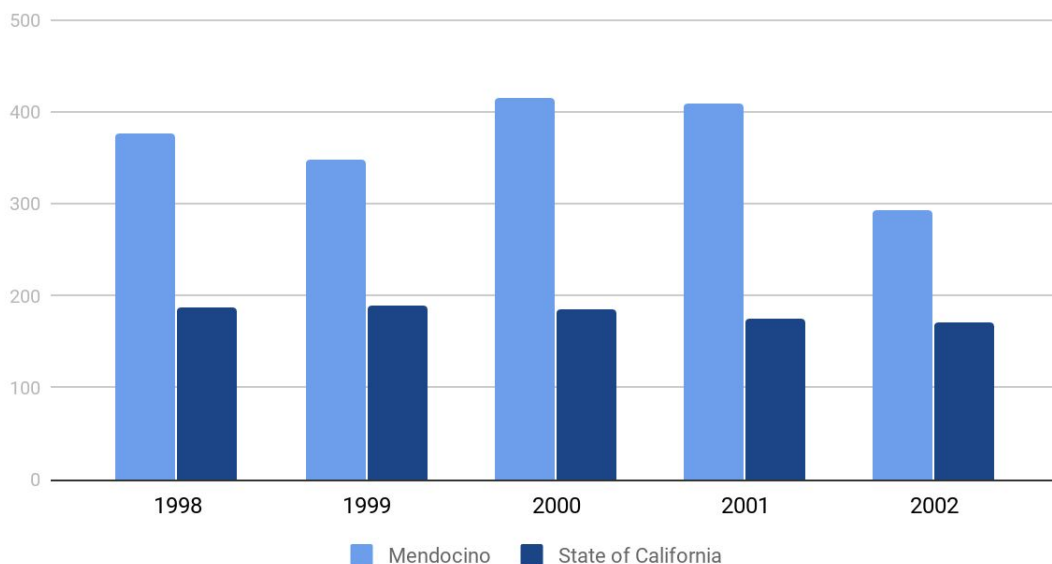


California Cannabis Arrest Rates Ranked by County, 1998-2002

Ranking	County
1	Alpine
2	Sierra
3	Humboldt
4	Plumas
5	Trinity
6	Calaveras
7	Nevada
8	Imperial

Source: The NORML Almanac of Marijuana Arrest Statistics, California Marijuana Arrests, 1995-2002

Cannabis Arrests Rates, Mendocino vs. California, 1998-2002



Mendocino's long history of cannabis cultivation and the nature of an underground cannabis economy has led to violent crime and victimization of vulnerable populations. For example, women in the cannabis industry who experienced violence or assault were unlikely to report those crimes.

Multiple articles have been written on this topic as women have spoken out about their experiences. According to an article titled *The Weed Industry Responds to Accusations of Rampant Sexual Assault* by Gabby Bess in 2016, "the problem of rape and sexual harassment in an industry that operates in seclusion is ongoing. In many circumstances, victims rarely report their sexual assault to the police either out of fear or the belief that law enforcement won't do anything to help them. The environment cultivated around marijuana grows, however, makes it even harder for rape victims to speak out." In the same article, the California Growers Association executive director, Hezekiah Allen, wrote that the void of regulation has allowed illegal grows to proliferate in the grey area. "It is no secret that criminal behavior lingers in the shadows cast by prohibition and regulatory vacuum."

California and the United States

The Center on Juvenile and Criminal Justice (CJCJ) has published several reports that demonstrate patterns in drug arrest rates in California that disproportionately affected people of color. Starting in the 1990's, arrests in California for drug possession increased dramatically. Cannabis possession rates increased by 124% while other categories of serious crime showed decreased arrest rates. Rates of arrest per 100,000 population rose much faster for African American, Hispanics, those under the age of 21 and European American over the age of 40.

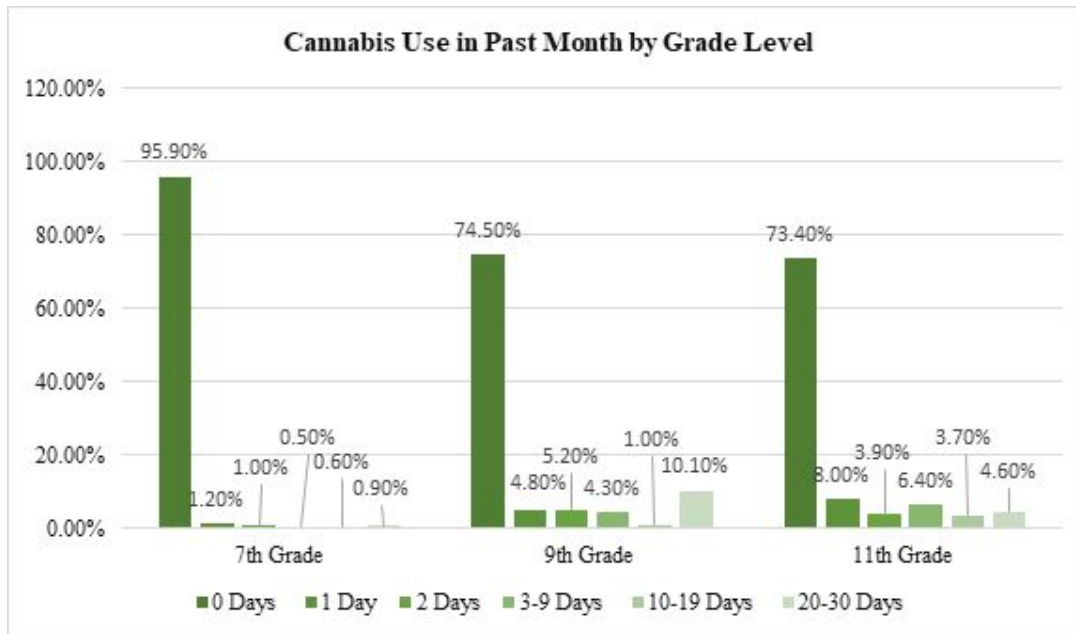
Though a majority of states allow medical cannabis use, cannabis leads drug-related prosecutions in the United States. According to New Frontier Data, over 650,000 people were arrested for cannabis-related offenses in 2016. Cannabis accounted for 42% of all drug-related arrests in 2016, with cannabis possession offenses specifically accounting for 37% of all arrests. For comparison, heroin and cocaine accounted for 26% of arrests nationally.

Section 4. Current Conditions in Mendocino County

Youth Cannabis Use in Mendocino County

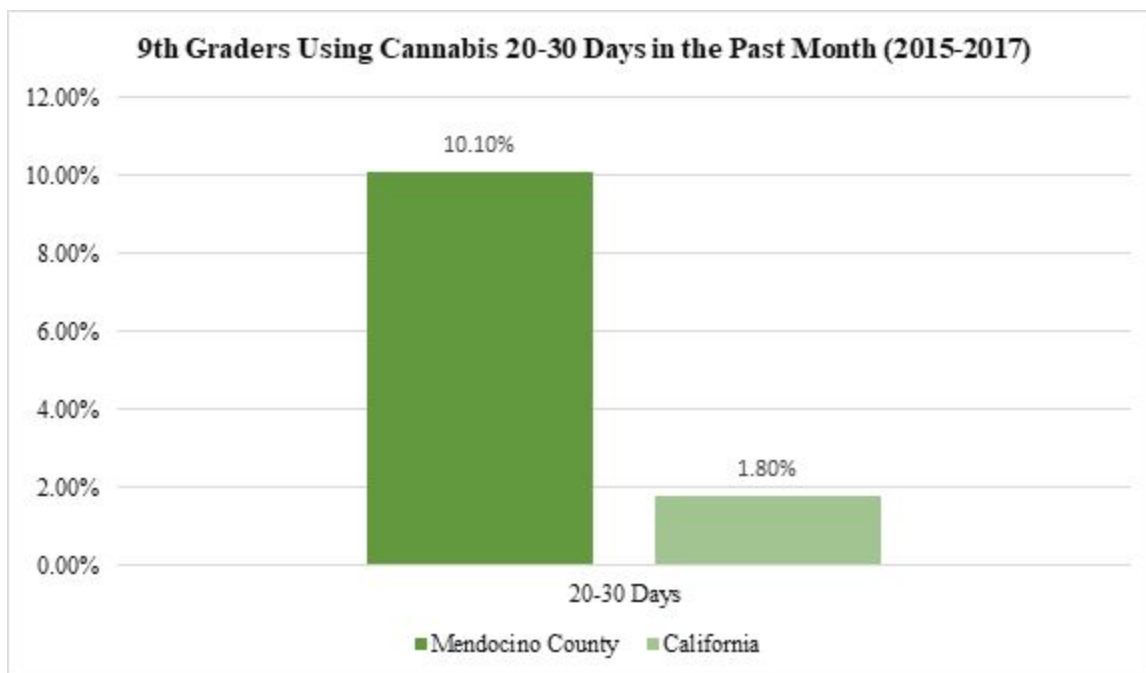
Youth use of cannabis starts earlier in Mendocino County than in other parts of the state and is easier to obtain than alcohol. Although currently we do not have data we suspect there is a link between suspension and absenteeism from school and cannabis use. This is an area that should be studied. There is also an unusual workforce issue since technically Prop 64 allows adults aged 21 years or older to possess and use marijuana for recreational purposes, but most people in Mendocino County enter the workforce by the time they are 18. Youth cannabis use is still illegal and therefore they still may be adversely impacted.

According to Kidsdata, in 2015-2017 9th graders used cannabis more often than 7th graders and 11 graders (kidsdata.org). About 10.1% of 9th graders used cannabis for 20-30 Days in the past month compared to 4.6% of 11th graders and 0.9 of 7th graders. The chart below illustrates the frequency of cannabis use by grade level.



Source: Kidsdata.org 2015-2017

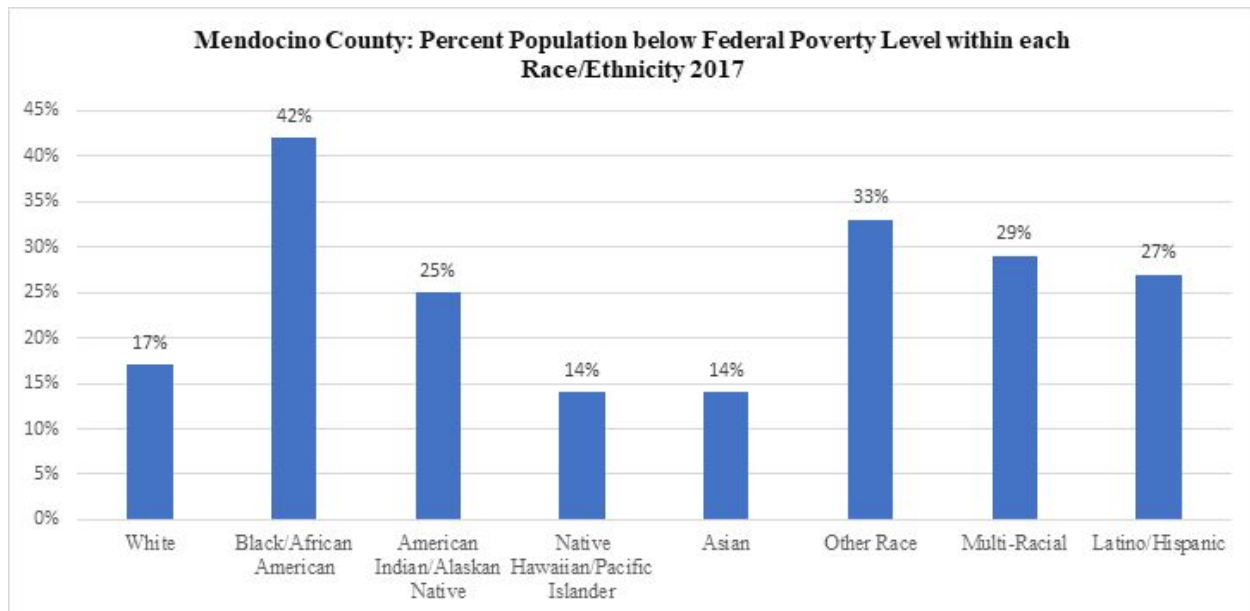
In Mendocino County, the frequency of youth cannabis use is higher compared to the state of California. The chart below compares the frequency of 9th graders using cannabis for 20-30 days in the past month in Mendocino County and in the state of California.



Source: Kidsdata.org 2015-2017

Poverty in Mendocino County

In Mendocino County, 19.1% of the total population lives below the federal poverty level (FPL*). The race/ethnicity with the highest percentage of poverty is the Black/African American population (42%). The Asian and Pacific Islander population has the lowest percentage of poverty both estimating around (14%). The white population has the second lowest percentage of poverty (17%). Conversely, the total number of people in poverty is highest in the white population (12,394) and lowest in the Native Hawaiian and Other Pacific Islander population (26), thus it is important to look at both the percentage and the actual numbers.



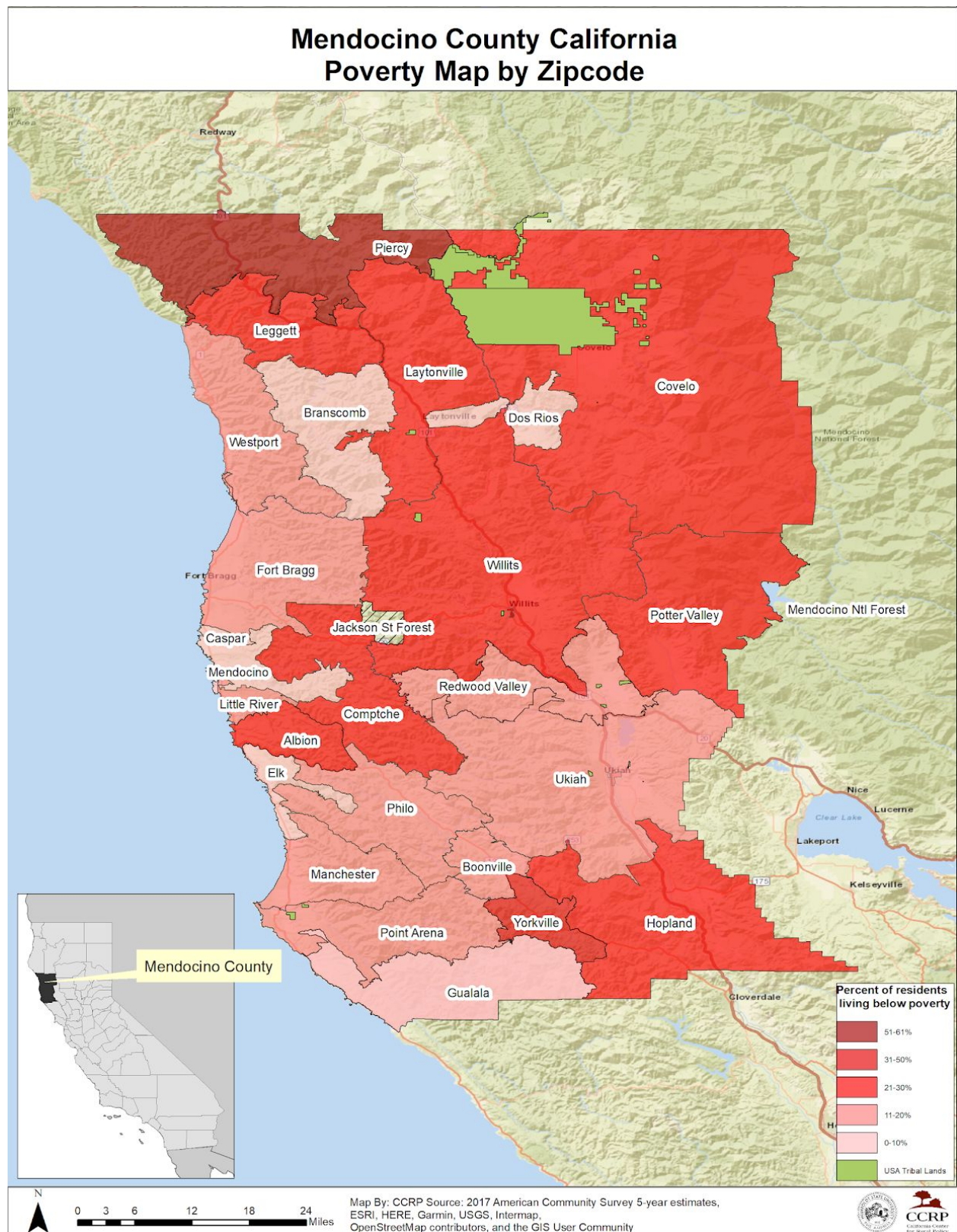
Source: American Community Survey 2017 5 year estimates.

From 2018-2019, about 74% of all students in Mendocino county were enrolled in the Free Reduced Price Meal Program (FRPM). The table below demonstrates the total student population and the percentage of students enrolled in FRPM for each school district.

Percentage of Students Enrolled in FRPM by School District 2018-2019

School District	Total Student Population	Percentage of Students in FRPM
Anderson Valley Unified	490	86.21%
Arena Union Elementary	313	71.0%
Fort Bragg Unified	1883	73.23%
Laytonville Unified	360	70.0%
Leggett Valley Unified	128	60.16%
Manchester Union Elementary	36	69.44%
Mendocino County of Office of Education	74	92.4%
Mendocino Unified	536	46.27%
Point Arena Joint Union High	133	63.2%
Potter Valley Community Unified	264	64.39%
Round Valley Unified	461	97.17%
Ukiah Unified	6606	78.3%
Willits Unified	1847	74%

The first map illustrates the poverty levels in Mendocino County by zip code.



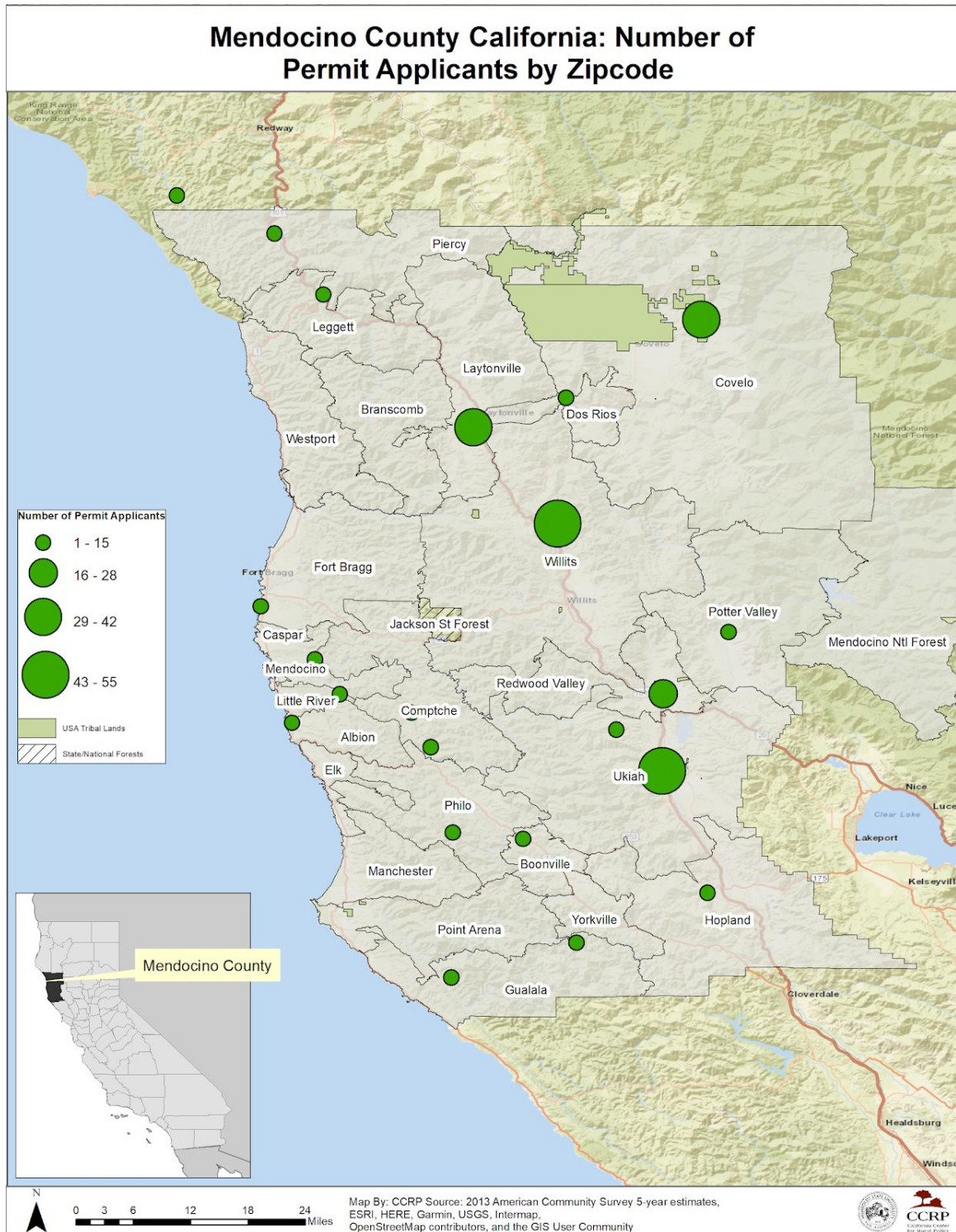
Mendocino County California: Poverty Levels by Zipcode, Tribal Lands and Permit Applicants

Map of Mendocino County, California, showing poverty levels by zip code, tribal lands, and permit applicants. The map uses a color scale from light yellow (low poverty) to dark red (high poverty). Tribal lands are outlined in blue, and state/national forests are hatched. Green dots represent permit applicants. Callout boxes identify specific tribal groups: Round Valley Indian Tribes, Paskenta Band of Nomlaki Indians, Cahto Indian Tribe, Coyote Valley Band of Pomo Indians, Sherwood Valley Rancheria, Redwood Valley Rancheria, Guidiville Rancheria, and Manchester Band of Pomo Indians. An inset map shows Mendocino County's location in California. A scale bar and north arrow are at the bottom left. Map data is attributed to CCRP and various sources at the bottom right.

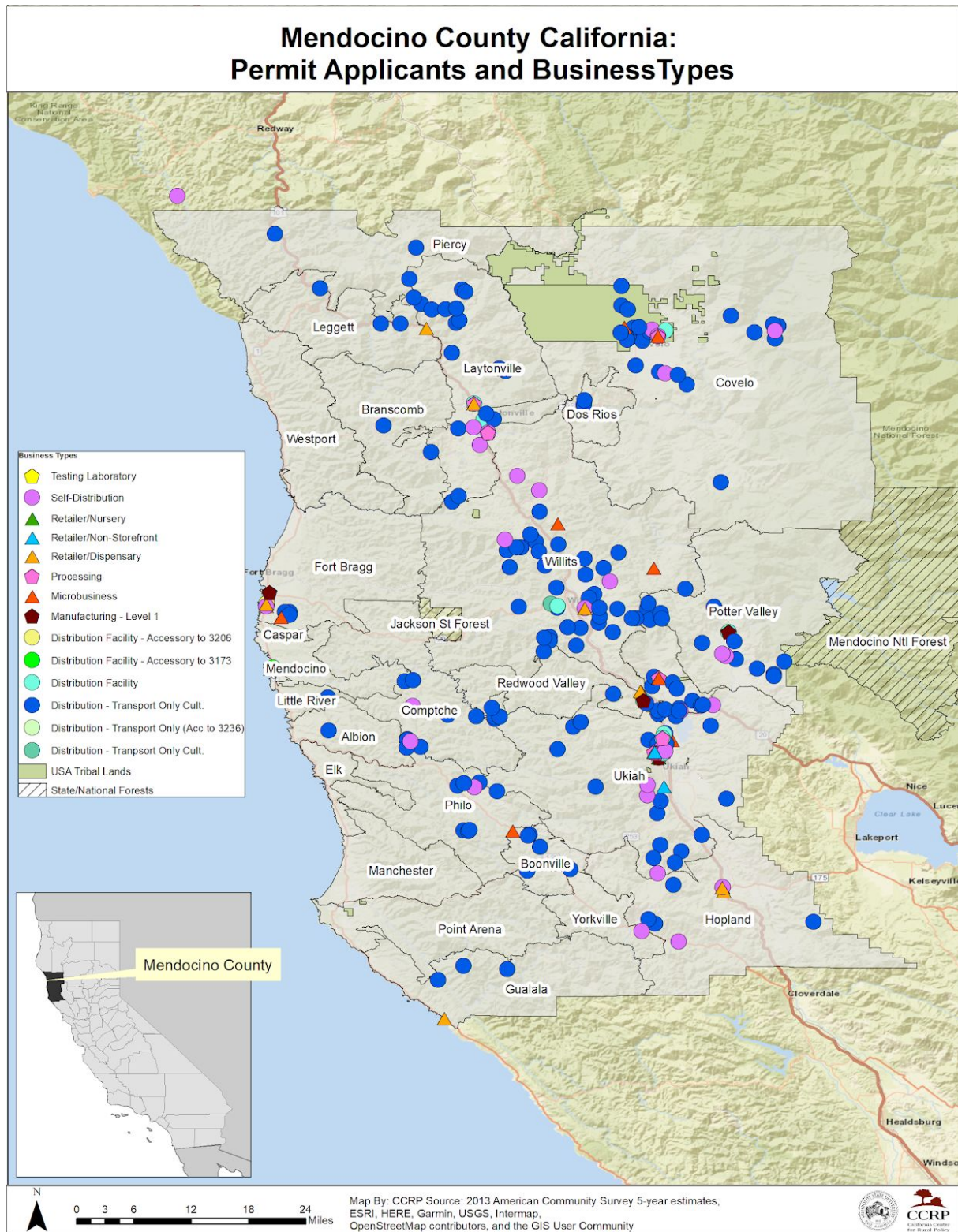
Map By: CCRP Source: 2013 American Community Survey 5-year estimates, ESRI, HERE, Garmin, USGS, Intermap, OpenStreetMap contributors, and the GIS User Community

Overview of Mendocino County Cannabis License Applicants

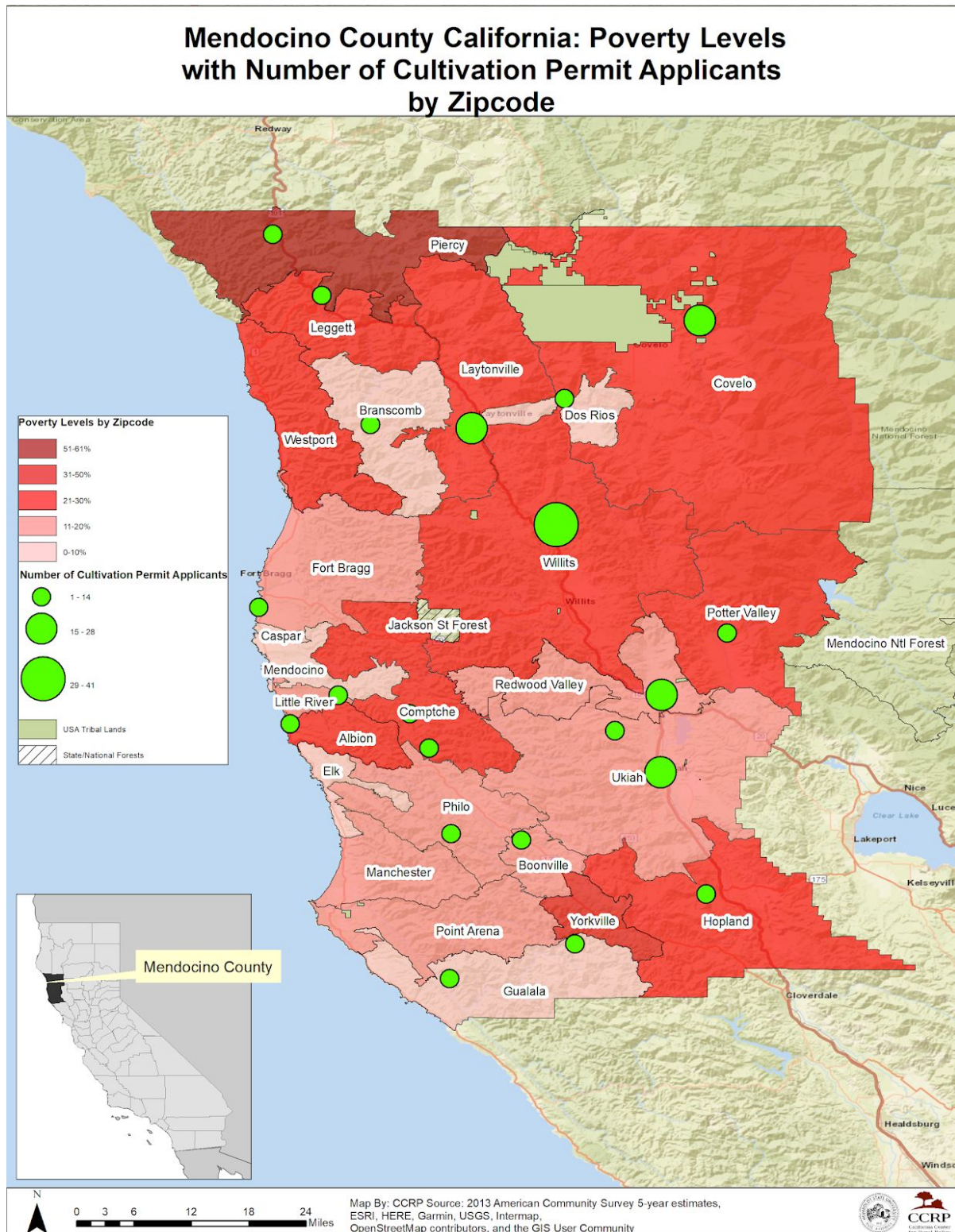
The third map below illustrates the geographic distribution of applicants seeking all types of cannabis licences.



The fourth map below illustrates the geographic distribution of types of cannabis license applicants are seeking.

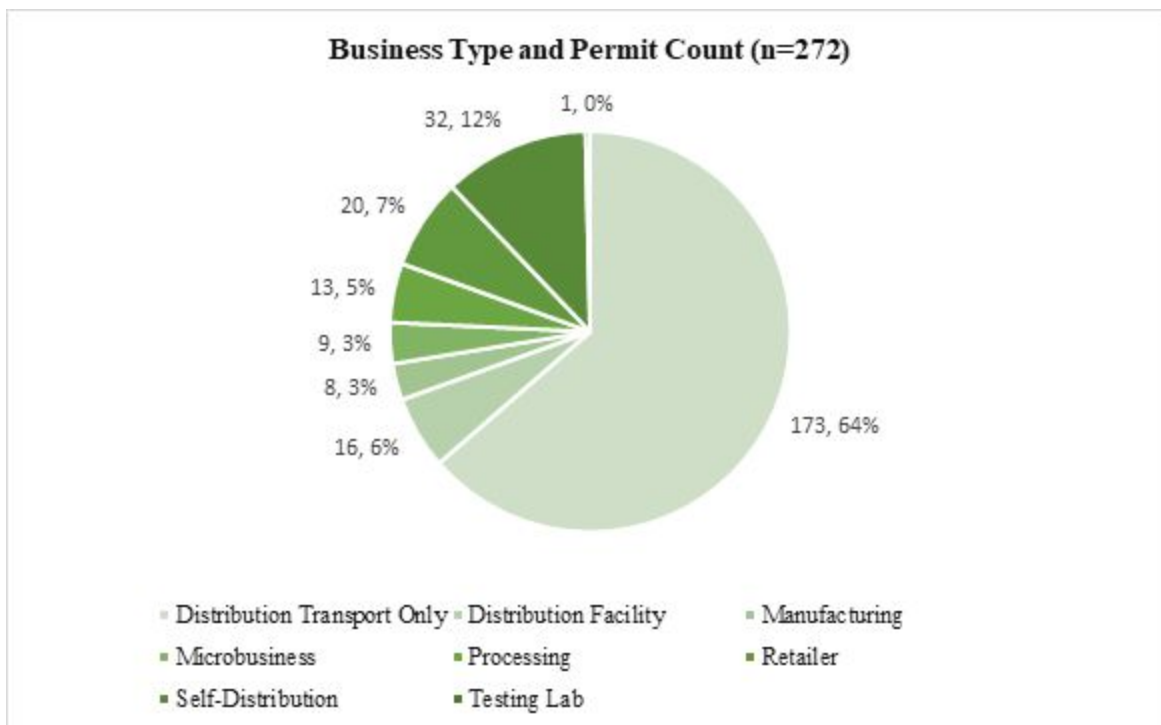


The fifth map below demonstrates the number of cultivation permit applicants per zip code with poverty levels per zip code.



The businesses locations that account for more than 10% of permit applicants are Willits (n=20%), Ukiah (n=18%) and Covelo (n=11%) The majority of applicants in Covelo are for businesses located on the Round Valley Indian Tribes of Round Valley Reservation.

There are 14 business types/permit type documented. The chart and table below illustrates the types of businesses and how many permits there are for each business type



The majority of applicants (n=64%) are applying for Distribution Transport Only - Cultivation permits. . (Please note that several applicants applied for more than one type of permit).

Permit Type	Applicants
Distribution Transport Only-Cultivation	N=173 (64%)
Self Distribution	N=32 (12%)
Retailer	N=20 (7%)
Distribution-Facility	N=16 (6%)
Processing	N=13 (5%)

Microbusiness	N=9 (3%)
Manufacturing	N=8 (3%)
Testing/Laboratory	N=1 (0.4%)

The Mendocino Cannabis Alliance (MCA) recently conducted a policy survey with members regarding the current status of cannabis businesses in the county. Ninety percent of respondents (n=158) that currently have a cannabis business reported that they have a cultivation license. In addition to interest in cultivation and nursery licenses, there was significant interest in other types of permits- with microbusiness (n=59), distributor- self (n=46), and processor (n=32) being the top choices.

Section 5. Barriers to Entry

This section includes an overview of barriers that can make it difficult to enter the cannabis market. Mendocino County's equity program should have components designed to mitigate these barriers.

According to an article in *The Madera Tribune* on July 10, 2019, UC Berkeley is conducting research to understand why cannabis farmers are not joining the legal market. Cannabis growers are being asked to participate in a survey about their experiences with the regulated market. The survey closed on August 1, 2019.

Preliminary survey results showed the following:

1. Small farmers have a hard time getting permits
2. Nearly half of people who have applied still have their permits pending with CDFA
3. Everyone (those with permits, those without, those who did not apply) was confused by the process
4. Many of those who did not apply for permits were on land zoned such that they could not apply
5. Many of those who did not apply for permits had other income sources; cannabis was used to supplement income

Financial

All new businesses face financial requirements to enter a new market. For individuals adversely affected by historical criminalization of cannabis, financial barriers can be difficult to overcome.

The application fees, fees for professional studies of environmental, water supply, road engineering issues, state and local taxes and the cost of compliance with mitigation measures are significant barriers for smaller scale operations and/or socio-economically disadvantaged populations.

Administrative/Technical

Applications require an understanding of and compliance with complex requirements from multiple local and state agencies. This process is especially daunting for the smaller, family-based, cultivators.

Business Acumen

The skills needed for participation in a highly regulated marketplace, including business planning, human resources management, accounting and inventory controls can be significant barriers to entering a new market.

Distrust of Government

As was mentioned above, CAMP raids and the experience of cannabis growers during the era of criminalization of cannabis have left many individuals in the industry with a deeply engrained sense of distrust and fear of government.

Section 6. Cannabis Equity Program Recommendations

Review of Other Jurisdiction's Effort to Promote Equity in Cannabis Implementation

Other jurisdictions in communities and states with a legal cannabis industry have developed and/or implemented programs to improve equity. Mendocino County has worked closely with the Rural County Representatives of California (RCRC) to understand the impact of legalizing cannabis on rural counties in California. Mendocino County has been ahead of the curve in licensing efforts due to historical involvement in the cannabis industry as well as a proactive Board of Supervisors.

Findings & Recommendations

Finding #1: Equity program eligibility factors should be focused on specific targeted populations most harmed by cannabis criminalization and poverty in order to reduce barriers to entry into the legal, regulated market. Eligibility criteria should be supported by data.

Mendocino County should consider including the following eligibility criteria:

- Conviction history associated with cannabis-related offenses and consideration for participants in the restitution program, which expunged after 2 years.
- Immediate family member with a conviction history associated with cannabis-related offenses
- Low income status
- Residency consideration
- Ownership consideration
- Geographic location
- Size of operation
- Previous participation in Mendocino County's zip-tie program
- Historically-disadvantaged populations

Criteria	Recommendation
Conviction history	Have been arrested for or convicted of the sale, possession, use, manufacture or cultivation of cannabis (including as a juvenile), or been subject to asset forfeiture between 1971 and 2015 Have a parent, sibling or child who was arrested for or convicted of the sale, possession, use, manufacture or cultivation of cannabis between 1971 and 2015
Low income status	Household income at or below 80% of Mendocino area's median income
Residency consideration	Give additional consideration to those who have resided in Mendocino County for at least five years between 1971-2016
Ownership consideration	Give additional consideration to those who own at least 40-51% of the business
Geographic location	Have lived within a five mile radius of the location of raids conducted by CAMP during 1971-2016
Size of operation	Have engaged in cultivation of cannabis on property in Mendocino County owned, leased, or with the express permission of the owner, with a cultivation area less than 10,000 square feet

Finding #2: Ensure that applicants meeting equity program eligibility factors have adequate opportunity to take advantage of the program. Consider incentivizing ongoing support for equity applicants.

- Prioritization: Consider a prioritized permit process for equity applicants.
- Ratios: Consider mandating a requisite number/percentage of equity applicants during permitting.
- Provisional Approval: Consider allowing for provisional approval of permits to allow equity applicants to overcome financial barriers. Provisional approval may provide potential investors with more certainty and willingness to provide capital investments.
- Amnesty Program: Consider developing pathways such as an amnesty program to encourage existing nonconforming businesses (such as small operators who qualify as equity applicants) to transition to the legal market.

Finding #3: All peer jurisdictions who have implemented adult-use cannabis require data collection to understand the impact of the industry. CCRP recommends tracking data on general and equity applicants on an ongoing basis to measure the success of the equity program.

Recommended Metrics:

- Number of equity applicants to apply
 - Types and numbers of drug-related offenses
 - Income status
 - Race
 - Ethnicity
 - Gender
 - Sexual Identity
 - Residency Status
 - Ownership Structure
- Workforce characteristics
 - Total number of employees
 - Number of local employees
 - Employment status (full-time, part-time, etc.)
- Equity program-specific data
 - Number of applicants eligible for equity program
 - Number and types of services provided to equity applicants
 - Number of equity program applicants to receive licenses

Finding #4: Create specific services/programs for equity applicants that address/mitigate barriers to entering the legal cannabis market that address lack of access to capital, business space, technical support and regulatory compliance assistance.

Barrier	Recommendation
Financial	<ol style="list-style-type: none"> 1. Waive fees for application assistance trainings 2. Deferral of payment of application fees for zoning and special use permits 3. Waive or defer fees for trainings and certifications required by law 4. Loans or grants to incentivize businesses that mitigate adverse environmental effects of cannabis cultivation
Administrative/Technical	<ol style="list-style-type: none"> 1. Technical assistance for formation of cannabis cooperative associations 2. Technical assistance to ensure public and private road access to cannabis operations 3. Provide training and/or technical assistance to assist those with past cannabis convictions get their records expunged 4. Work with banking institutions and provide technical assistance to support equity applicants in accessing banking services
Business Acumen	<ol style="list-style-type: none"> 1. Employment skill training for equity participants employed or seeking employment in licensed cannabis operations 2. Training/support for business owners to understand workforce rules and regulations. See recommendations below*
Distrust of Government	<ol style="list-style-type: none"> 1. Conduct outreach and education efforts in areas that were focused on by law enforcement for cannabis eradication and cannabis arrests; encourage those individuals to apply for licenses and enter the legal industry 2. Create outreach materials that are clear, concise, and accessible to those with low literacy. Consider creating materials in multiple languages such as Spanish and Hmong.

The June 2018 *Workforce Report: Humboldt County's New Cannabis Landscape* authored by Deborah Claesgens & Michael Kraft on behalf of the Humboldt County Workforce Development Board made the following recommendations* to support cannabis businesses. Mendocino

County may want to consider these recommendations in their efforts to support cannabis businesses as well.

Agriculture/Cultivation:

- Access to business planning, low cost loans or investment sources that can assist smaller, often multi-generational family farmers with the costs of legalization, so that income can be spent on hiring, training, growing wages and benefits of a variety of jobs-from farm management to bookkeeping.
- Support for reasonable regulations and zoning that promote and incentivize employers to build good business and workforce development practices.
- Access to standard human resource methods: hiring and orientation, training in proper and regulated land use for farm and field workers, hiring and supervision processes, setting job benchmarks and performance standards, evaluating performance for promotion or wage scale increases.
- Access to business and HR tools: developing HR manuals and procedures, how to frame up a request for a consultant scope, interview and select the right consultant or consultant firm, how to manage a consultant scope.
- Developing, securing and increasing farm management skills in agricultural, biology, land management.
- Access to agricultural extension services to help with the science of plant biology from a medicinal and commercial standpoint, and help feed local graduates in biology and environmental sciences into the industry-much like the timber industry has done.

Manufacturing/Production

Large Scale/Well-Financed Startups

- Access to supervisory skills, consistent HR policy development (hiring and termination, teamwork) across jobs and between employees.

Artisan Size Businesses

- Access to business planning (business startup strategy: how to build and manage a detailed startup business plan that can scale up and include facilities, marketing, tax and regulation, payroll, human resources hiring and supervision, and teamwork).
- Access to incubation and manufacturing hubs that can hire, cross train and job share positions between small entrepreneurs.

Retail

- Access to comprehensive business and marketing strategies that connects cannabis retail to tourism, related workforce development (hiring, training, presentation, customer service, job readiness and supervisory skills).

- Access, training or mentorship in general business supervisory, customer service, workplace norms and software skills.
- Evaluate the specific need and content for a program that certifies front line positions (bud tending, security, track and trace, manufacturing and packaging personnel).

Testing

- Increase the hiring of biology and chemistry degree graduates trained in laboratory protocols by building those skills into certification and degree programs.
- Training in customer service, workplace norms, software, and lab methods.

Finding #5: Continue using cannabis revenues collected by the County for community reinvestment programming to rebuild/restore communities adversely affected by the past criminalization of those involved in the cannabis industry.

Some potential focus areas include:

1. Youth alcohol and drug prevention efforts
2. Restorative justice programs
3. Neighborhood safety programs
4. Non-profit organizations whose work focuses on health and well-being of residents
 - a. Organizations working to address abuse, assault, and trafficking within the cannabis industry
5. Community development projects

Finding #6: All cannabis operators should provide equitable employment opportunities that provide a living wage. These opportunities should include hiring those with past non-violent cannabis convictions, local residents, and other historically-disadvantaged populations.

- Leverage existing workforce programs such as OEWD Reentry Services Program
- Expand workforce curriculum to support new workforce
 - Support workforce fairs to provide outreach and education
 - Engage individuals who are experienced in the cannabis industry and have transitioned from the unregulated market to the regulated market to ensure curriculum is relevant and applicable
- Consider incentivizing employers to prioritize hiring for local residents, those with past non-violent cannabis convictions, and other historically-disadvantaged populations (such

as women, those who lived in communities targeted by CAMP raids, those living in poverty, and tribal members).

Finding #7: Geographic disparities may emerge in cannabis-related activities, and scarcity of available land can cause real estate values to rise. Consider land use guidelines that ensure equitable distribution and thoughtful placement of cannabis businesses.

- Make attempts to equitably distribute cannabis storefront retail to mitigate overconcentration in socioeconomically disadvantaged neighborhoods
- Limit cannabis-related businesses in close proximity to schools, child care centers, public parks and trails, and community centers or businesses that serve youth.
- Consider the concentration of alcohol and tobacco retailers when issuing land use approval and avoid overconcentration of businesses that are engaged in activities that have potential harm to one's health.
- Consider having a Citizen Advisory Committee monitor issues related to overconcentration and trends in real estate values or delegate this responsibility to communities.

Finding #8: Update the Mendocino County Equity Assessment next year and every 3 years afterwards and create an evaluation plan that will:

- 1) monitor and share progress of the Equity Program,
- 2) monitor and share trends in the emerging legal cannabis industry,
- 3) identify areas for course correction and/or unexpected consequences, and
- 4) demonstrate an ongoing commitment to data-informed decision making and strategic planning to ensure Mendocino County's strong transition to a legal cannabis industry.

Finding #9: Mendocino County should assist cannabis equity clients with opportunities to market and network with other equity businesses across the state. Mendocino County has historically been associated with cultivation and should think broadly about other successful business opportunities with less barriers that could be easier for disadvantaged populations to create, and ways for equity clients to market and network with other equity applicants across the state. Currently almost 80% of permits in Mendocino County are for cultivation.



Mendocino County Cannabis Local Equity Program Manual V2. 2/25/2020

The Mendocino County Cannabis Equity Assessment (2020) established that Mendocino has been hit hard by the criminalization of cannabis, and a targeted, data-driven and well-funded equity program can help certain populations and neighborhoods, particularly small growers and those impacted from past policies that may be left behind, into a legal, sustainable economic future.

The purpose of this manual is to describe the qualifications for, and services to be provided by, the Mendocino County Cannabis Local Equity Program (LEP).

A. Qualifications

1. **Program Eligibility:** Those who meet any of the following qualifications shall therefore meet the qualifications for Mendocino County's LEP and become eligible for consideration for funding and services provided therefrom:
 - a. Any individual and/or entity that has obtained or applied for a permit (either temporary or permanent), and the permit is for a business located in an area in Mendocino County with a poverty rate of 20% or above.
 - b. Any individual engaged in small-scale cultivation of cannabis on property in Mendocino County owned, leased, or with the express permission of the owner, with a cultivation area less than 10,000 square feet;
 - c. Any individual that can demonstrate disadvantage for reasons including but not limited to race, ethnicity, gender, sexual orientation, income level, education level, conviction history, and veteran status
 - d. Any individual who has obtained or applied for a cannabis permit in Mendocino County, or who has worked in or currently works in the cannabis industry, and was arrested and/or convicted of a non-violent cannabis-related offense, or was subject to asset forfeiture arising from a cannabis-related event;
 - e. Are a person who experienced sexual assault, exploitation, domestic violence, and/or human trafficking while participating in the cannabis industry.
 - f. Have become homeless or suffered a loss of housing as a result of cannabis enforcement.
2. **Alternate qualifications:** For those who do not meet qualifications set forth above in Section A.1, individuals and/or entities can become eligible for the Mendocino County LEP if they meet three (3) of the following conditions:
 - a. Be one of the following:
 - i. An individual permitted for, seeking a permit for or employment in a Mendocino County permitted cannabis business;
 - ii. A board member of a non-profit cannabis business;
 - iii. Have a membership interest in a cannabis business formed as a cooperative per B&P Code section 26220 - 26231.2.
 - b. Have resided in Mendocino County for at least five years during the period 1971 – 2016;
 - c. Have obtained or applied for, or intend to apply for, a permit or zoning clearance for commercial cannabis activities in Mendocino County;



Mendocino County Cannabis Local Equity Program Manual V2. 2/25/2020

- d. Have lived within a 5-mile radius of the location of raids conducted by the Campaign Against Marijuana Planting (CAMP) program;
- e. Household income below the California poverty level;
- f. Have a parent, sibling or child who was arrested for or convicted of the sale, possession, use, manufacture or cultivation of cannabis (including as a juvenile);
- g. Can reasonably demonstrate that, on the basis of equity, applicant was adversely impacted as a result of the criminalization of cannabis (i.e. the War on Drugs).

B. Services

Services to be provided by the Mendocino County Cannabis Equity Program may include, depending on need and the availability of funds from grants or other sources:

1. Tiered fees and/or waiver of fees for cannabis-related permits, including fees for Application Assistance Meetings of up to four hours, with the Cannabis Program of the Department of Planning & Building Services;
2. Cannabis and Small Business Development Assistance from the Economic Development Division, including business planning, loan application preparation, site location services, human resource management, capital procurement services, bookkeeping and accounting practices and systems, etc.;
3. Deferral of payment of Application Fees for Administrative Permit or Use Permit for a period not to exceed three (3) years;
4. Technical Assistance for the formation and administration of Road Maintenance Associations for public and private road networks providing access to cannabis activity operations by eligible cannabis equity program applicants or licensees, where such road networks may adversely impact watersheds providing habitat for threatened or endangered species;
5. Waiver or deferral of fees for training and certification by the Agricultural Commissioner's office for Weights and Measures and Pesticide Applicators requirements or certification of scales used in cannabis licensed businesses in Mendocino County;
6. Technical Assistance for the formation of cannabis cooperative associations pursuant to Business and Professions Code sections 26220 -26231.2 the majority membership of which is comprised of cannabis equity program applicants or licensees.
7. Loans or Grants for purposes of assuring compliance with regulatory requirements of local or state permits or licenses that mitigate adverse environmental effects of cannabis cultivation or other activities including, but not limited to:
 - a. Water storage for irrigation during forbearance periods of surface water diversion required by state or local regulations;
 - b. Remediation and relocation of cannabis facilities located within streamside setbacks required by state or local regulation;
 - c. Installation of solar electrical systems to replace diesel or gasoline generator power for off-grid cannabis facilities where connecting to the grid is economically infeasible;
 - d. Road remediation, watershed mitigation, culverts or infrastructure needed to meet state or local regulations.
8. Employment skill training for eligible equity participants employed or seeking employment in licensed cannabis operations in Mendocino County



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C. Program Administration

1. No more than ten percent (10%) of any funding from the Governor's Office of Business and Economic Development Cannabis Local Equity Program Grant Funds may be utilized for program administration;
2. Principal Administration and Coordination of Services shall be performed by the Mendocino County Department of Planning & Building Services- Cannabis Program, or such other agency as may be designated by the Board of Supervisors;
3. The Department of Planning and Building Services shall promulgate any policies, procedures, and forms necessary for program administration and submit them to the Board of Supervisors for review and approval.
4. Where possible, county staff will provide existing services to LEP applicants and licensees, with the intent to have Equity Program funding pay for the cost of those services. Where county staff is unable to provide services, defer to Section D. Such funding will be provided either through the administration portion of the LEP or eligible services described in Section B above;
5. The Department of Planning & Building Services shall monitor and report on all program services provided through the LEP, at least annually and more frequently as directed by the Board of Supervisors, state law or regulation;
6. The Department of Planning and Building Services, or such other agency as may be designated by the Board of Supervisors shall receive and process all applications to determine eligibility of equity program participants;

D. Provision of Services

- a. Staff in the Mendocino County Department of Planning & Building Services- Cannabis Program serves as the liaison between equity licensees who receive grant funding and the selected agency(ies) that provides an eligible service. Agencies include, but are not limited to:
 - i. Small business development organizations
 - ii. Department of Planning & Building Services- Planning and Building Division
 - iii. Department of Health & Human Services
 - iv. Workforce development agencies
 - v. Banking and financial institutions
 - vi. Commercial real estate brokerages and associations
- b. The Department of Planning & Building Services may enter into an interagency agreement, on behalf of the county, with qualifying internal or external agencies capable of providing the services described in SB 1294, business and professional codes and Mendocino County Local Equity Program Manual. These services include:
 - i. Small business support services, such as technical assistance, professional mentorship services.
 - ii. Tiered fees or fee waivers of cannabis-related permits and licenses.
 - iii. Assistance in paying state and regulatory and licensing fees



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E. Budget Allocation

Available program funds shall be allocated for Program Services specified in Section B., above, as follows:

Loans and Grants	80%
Direct Technical Assistance Costs	10%
Administration (not to exceed)	10%