

McClenagan, Laura

From: Mike Gordon <fibonaccimanagement707@gmail.com>
Sent: Monday, January 31, 2022 5:20 PM
To: Bohn, Rex; Bushnell, Michelle; Wilson, Mike; Madrone, Steve; Bass, Virginia; Planning Clerk
Subject: Re: Measure S Reform

Follow Up Flag: Follow up
Flag Status: Completed

Hello Honorable Supervisors,

After reading the Staff Report for tomorrow's BOS Meeting on Feb 1st, 2022 and after reviewing the Measure S spending report, I have the following concerns.

I am concerned that:

If our local cannabis industry becomes insolvent, so too will future Measure S proceeds. ALL Farms are struggling right now, not just “small” farms under 10,000sf. “Bigger” Farms over 10,000sf which account for over 50% of Humboldt operators contribute to the local economy by hiring additional employees, contractors, consultants all while purchasing their good and services from LOCAL providers, but as the money dries up, so too will their ability to spread this wealth throughout our community. Our Cannabis Industry also attracts out of the area visitors, including tourists, investors, vendors and business partners which bring MILLION\$ of additional dollars into our community. Without a LOCAL regulated Cannabis Industry most of the above stimulus will be lost, and Humboldt will have bigger monetary problems to fix in the future. Sacrificing short-term revenue for the benefit of long-term prosperity will be in the best interest of our community as whole. We need to UNITE behind ALL Humboldt Cultivators small and big, knowing that we are not only supporting Farmers but ALL the individuals and families who work in this industry and make up our community.

I am concerned that:

Suspension and Deferral are being used interchangeably in the Staff Report.

Humboldt County cultivators regardless of size cannot afford to pay the 2021 and 2022 Measure S Tax as currently assessed. There is NO money left to pay for the “right to grow” in this current market. Deferring the Tax to be collected in years to come, will only worsen an already tenuous situation. Not only are our local businesses already at risk of going under, but compounding tax obligations to be paid in the future will eventually jeopardize our homes while having a rippling effect on the Humboldt real-estate market as a whole. We need to slow down and take the time to understand current market trends and supply dynamics before we know what the appropriate Tax structure is going to be to maintain a healthy industry. But please realize that we need the 2021 and 2022 to be FORGIVEN not just deferred.

I am concerned that:

Humboldt County continues to pass the burden onto the State to “fix” the problems in the industry.

The current situation we are facing is a complex conglomeration of over regulations and shallow promises that were created during the implementation of Prop64. The removal of the One Acre Cap, the over burdensome and redundant regulations, the misguided and regressive cultivation tax which benefits indoor grown cannabis over sun grown regenerative, and the local inefficiencies of our Planning Department in approving projects while placing unrealistic restrictions on how we can compliantly operate has contributed to the problems we are facing. There is NO easy answer to right these wrongs, and not everyone is going to be happy with the outcome. All we can do is tackle each of these problems individually. Humboldt Tax payers, through the approval of Measure S, have given YOU our ELECTED representatives the ability to reduce the Measure S burden as needed, and this is EXACTLY what is needed right now. We can not wait for the California legislature to reduce or eliminate the Cultivation Tax which I have heard will take years to materialize. WE need relief and we need it NOW. After the 2022 cultivation year has ended, I think it will be evident what the future holds for many of our operators and industry. At that time, we can reevaluate the Tax structure and make the changes needed to support our community and industry alike. But until then, passing the buck in nobody’s best interest.

I am concerned that:

The Measure S Spending has mostly gone to pay for Capital Improvements and Deferred Maintenance, and not the services or programs that staff are concerned about losing.

After reviewing the Measure S spending report, it looks like out of the \$31,000,000 collected only about \$2,000,000 has been used to support additional County Staff, Community Programs and Services. As well, there is a \$5,796,215 contingency budget which could be used to maintain these new employees and programs while the cannabis industry resets to find harmony. The Project Trellis Microgrant Program and Marketing Initiative has mostly been a BUST since roll outs have been non-existent or sluggish at best. Measure S is NOT currently supporting our Cannabis Industry, but has instead been used for pork barrel spending and deferred maintenance. Instead of relying on Measure S proceeds, we need to tighten our collective belts and reevaluate the nature and utility of each line item while strategically planning for future budgets appropriately.

Please listen to our industry and realize that we want to help our community by paying our fair share but currently we are the ones who need help.

Thank you for all the hard work you have done and are prepared to do.

Mike Gordon
Fibonacci Management LLC
707-407-7884

On Mon, Jan 24, 2022 at 6:53 PM Mike Gordon <fibonaccimanagement707@gmail.com> wrote:

Date: 1-24-2022

To: Humboldt County Board of Supervisors

From: Michael Gordon Fibonacci Management LLC

Subject: Measure S Reform

Dear Honorable Supervisors,

I am writing to you as a concerned citizen and service provider to the Humboldt County Cannabis Industry. As an ancillary provider of Insurance Services, Compliance Consultation and Property Management, I am concerned about the viability of my business in light of current trends. I have lived in Humboldt for 23 years, I graduated from HSU in 2001 with a Bachelors in Business and Economics, and now am raising three beautiful children who I hope can continue to grow up in this remarkable area. But I am very worried that this eventuality may come to pass.

Even though I may not be a licensed Cannabusiness' I am directly tied to their success, and there are many individuals and companies just like me. My original advocacy in 2015/16 focused on giving Cottage Cultivators a path forward in the regulated industry, but after 6 years long years watching this industry mature it has become apparent that we have to embrace all Humboldt operators with equal urgency. While supporting Farms under 10K is vital to protect our legacy, it is also imperative that we support farms over 10K which will help to provide for the future sustainability of the community as a whole. I can tell you first hand that the bigger the farm is, the more need there is to hire employees, consultants and contractors, and this financial support adds substantial direct and indirect economic stimulus to our community in many ways.

First, I urge this Board to consider all mechanisms to reduce the burden of Measure S equally to Humboldt County farms regardless of size. My suggestion is a 75% REDUCTION of Measure S Tax for the next two years, only then to be re-evaluated. Second, I ask that Humboldt County use Measure S proceeds to advocate the State to eliminate the regressive "State Cultivation Tax" which disproportionately impacts our environmentally conscious outdoor operators the most. Currently outdoor cannabis is selling for average \$400 per pound with Tax Rate set at \$161.28(\$10.08 per ounce) which equals 40% Tax whereas indoor is selling for an average rate of \$1800 per pound with the same \$161.28 tax burden which equates to only 8.9% tax. This disparity which penalizes ecological sun grown farms for the benefit of energy intensive producers can not be overlooked.

Supporting Humboldt Farms is more than just supporting our legacy operators, it is an act to show support for Humboldt's social fabric and welfare, our economic diversity and California's ecology as a whole. PLEASE REFORM MEASURE S AND SUPPORT OUR COMMUNITY!

Thank you for your consideration!

Michael M Gordon
Fibonacci Management LLC
707-407-7884