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June 4, 2018

Lower Thomas Road LLC
Micah Anderson
5666 La Jolla Blvd. #270
San Diego Ca. 92037

Dear Micah Anderson,

The following is an evaluation of potential timberland conversion on cannabis cultivation sites and associated areas included in Humboldt County Cannabis Permit Application #12214 for APN 219-041-012. An Interim Permit has been issued for 7,800 ft² of mixed light and 4,000 ft² of outdoor cultivation. Please accept this letter as the RPF's written report required by Humboldt County Code, Ordinance No. 2559 (Commercial Medical Marijuana Land Use), Section 55.4.10 (j), cited below.

"Alternately, for existing operations occupying sites created through prior unauthorized conversion of timberland, if the landowner has not completed a civil or criminal process and/or entered into a negotiated settlement with CALFIRE, the applicant shall secure the services of a registered professional forester (RPF) to evaluate site conditions and conversion history for the property and provide a written report to the Planning Division containing the RPF's recommendation as to remedial actions necessary to bring the conversion area into compliance with provisions of the Forest Practices Act. The Planning Division shall provide CAL-FIRE written Notice of Availability of the RPF's report. If CAL-FIRE takes no action within ten (10) days of the notice of availability, the report recommendations shall become final."

Timberland Resource Consultants (TRC) inspected and evaluated the cultivation sites and associated areas contained within the application on May 29, 2018. The RPF exercised due diligence in reviewing all sites and available resources to fully assess potential timberland conversion and consequential impacts. This report evaluates the cultivation sites and associated areas for timber operations only. The scope of this report does not include: all other land alteration (such as grading, construction, and other permit-regulated activities), all property features and sites unrelated to cultivation activities, or any proposed, planned, or absent cultivation-related project sites. All findings are summarized in the report below.

Project Location

APN: 219-041-012

Acreage: 48 acres

Legal Description: NE 1/4 of SE 1/4 of Section 18
Township 3 South, Range 3 East,
Humboldt Base & Meridian, Humboldt County

Located on USGS 7.5' Quadrangle: Miranda

Humboldt County Zoning: Forest Recreation

Site Address: 3556 Lower Thomas Road

Landowner/Timber Owner: LTR Realty LLC, Co

Project Location (Cont.)

The project is located in Humboldt County, in the Salmon Creek area, on the east side of Lower Thomas Road, approximately 2.3 miles southeast from the intersection of Thomas Road and Lower Thomas Road, on the property known as 3556 Lower Thomas Road.

Parcel Description & Timber Harvest History

Note: The property background has been summarized using personal accounts of the current landowner, digital orthographic quadrangle (DOQ) imagery, Humboldt County Web GIS, CAL FIRE Watershed Mapper v2, and Historic Aerials. To avoid speculation and maintain relevancy, the property background focuses mainly on the past 10-15 years.

The property's dominant stand type is second growth tanoak and Douglas-fir with a minor component of madrone and pepperwood. Stand structure is even-aged resulting from the last harvest entry that occurred approximately 70 years ago in association with the clearcutting of the old growth Douglas-fir. A second stand type is located in the southwestern corner of the property, which consists of conifer (Douglas-fir) and hardwood encroachment into former grasslands and oak woodlands. Review of 1968 historic aerial imagery revealed that the majority of the property appeared regenerated/logged over consisting of 10-20-year old young-growth conifers and hardwoods. The exception was the southwestern corner, which was dominated by grassland and oak woodland. The large grassy pasture, which is presently located directly northeast of the confluence of Salmon Creek and Bogus Creek, was much larger and expansive in the past and included the southwestern corner of the subject property. Today, this portion of the property consists of open-grown Douglas-fir, tanoak, and madrone with a minor component of black oak. The Douglas-fir trees show signs of formally being 'open-grown' with large limbs extending down to DBH. Trees of all species also increase in age and size as they radiate out from the existing grassy openings. Review of historic aerial imagery from 1968-2016 shows no signs of major ground disturbance or changes in stand structure or composition suggesting additional logging entries have occurred since the original harvest. Moreover, none have been recorded by Cal Fire (Watershed Mapper v2 http://egis.fire.ca.gov/watershed_mapper/). The current landowner, LTR Realty LLC, Co purchased the property from WSR1 LLC, Co in March 2017.

Project Description

Two cultivation sites were inspected during the field assessment within APN 219-041-012. The following table lists the inspected sites and their acreages; see detailed site descriptions below.

Cultivation Site/Associated Area	Total Acreage	Converted?	Converted Acreage
Cultivation Area #1	0.80	Yes	0.50
Cultivation Area #2	0.30	Yes	0.07
TOTAL	1.10		0.57

Cultivation Area #1

As observed during the site visit, Cultivation Area #1 consisted of two 15-ft by 100-ft mixed-light greenhouses; two 15-ft by 50-ft mixed-light greenhouses; and one 20-ft by 60-ft mixed-light greenhouse. Total cannabis cultivation observed at this site is 5,700 ft². Review of historic aerial imagery reveals that the cultivation site was established between 2008 and 2009 and included extensive timber harvesting. A majority of the slash and woody debris has been treated, however several areas still require treatment as further described in this report. Between 2014 and 2015 approximately 15-20 tanoak trees located along the northern perimeter of the site were harvested but no stumps were removed. The cultivation activities observed impede the use of this space for current timber growth and harvesting; in this way, the landowner has effectively converted the single use of this space from timber production to cannabis cultivation. Approximately one half of the original area harvested in 2008-2009 has regenerated with conifers and hardwoods. The only area presently "converted" is the graded flat occupied by the greenhouses, water tanks, and storage tent, and the lower rocked access road. The converted area is conservatively estimated to be 0.50 acres in size.

Project Description (Cont.)

Cultivation Area #2

As observed during the site visit, Cultivation Area #2 consisted of six 6-ft by 27-ft mixed-light greenhouses; 1,616 ft² of outdoor cultivation; and several nursery areas totaling approximately 3,512 ft². A pre-existing garden of unknown size located within the Class II buffer zone was been removed. Review of historic aerial imagery reveals that the cultivation site was formally a large grassy pasture in 1968. In 1998 the area occupied by Cultivation Area #2 was still grassland but with signs of encroaching Douglas-fir and hardwoods to the south. Initial development activities occurred between 1998 and 2005 and appears to have included the removal of several trees to the south of the cultivation area. The site was slightly enlarged to the south between 2010-2012. Conversion at Cultivation Area #2 appears to have been limited to only a few to several trees growing on the southern periphery of the existing grassy pasture. No residual slash and/or woody debris was observed. The cultivation activities observed at the extreme southern end of Cultivation Area #2 impede the use of this space for current timber growth and harvesting; in this way, the landowner has effectively converted the single use of this space from timber production to cannabis cultivation.

Timberland Conversion Summary

TRC observed approximately 0.57 acres of unauthorized timberland conversion for cultivation-related purposes. This total does not exceed the three-acre conversion exemption maximum.

Limitations and Considerations for Timberland Conversion Activities

Watercourses and Water Resources

14CCR 1104.1(a)(2)(F): *"No timber operations are allowed within a watercourse and lake protection zone unless specifically approved by local permit (e.g., county, city)."*

No conversion areas exist within a Watercourse and Lake Protection Zone (WLPZ) or Equipment Exclusion Zone (EEZ) on the property. The pre-existing garden of unknown size located within the Class II buffer zone at Cultivation Area #2, which has since been removed, was not located in an area that was converted.

Slash, Woody Debris, and Refuse Treatment

14 CCR 914.5(b): *"Non-biodegradable refuse, litter, trash, and debris resulting from timber operations, and other activity in connection with the operations shall be disposed of concurrently with the conduct of timber operations."*

14CCR 1104.1(a)(2)(D) – *Treatment of Slash and Woody Debris*

- 1) *Unless otherwise required, slash greater than one inch in diameter and greater than two feet long, and woody debris, except pine, shall receive full treatment no later than April 1 of the year following its creation, or within one year from the date of acceptance of the conversion exemption by the Director, whichever comes first.*
- 2) *All pine slash three inches and greater in diameter and longer than four feet must receive initial treatment if it is still on the parcel, within 7 days of its creation.*
- 3) *All pine woody debris longer than four feet must receive an initial treatment prior to full treatment.*
- 4) *Initial treatment shall include limbing woody debris and cutting slash and woody debris into lengths of less than four feet, and leaving the pieces exposed to solar radiation to aid in rapid drying.*
- 5) *Full treatment of all pine slash and woody debris must be completed by March 1 of the year following its creation, or within one year from the date of acceptance of the conversion exemption by the Director, whichever comes first.*
- 6) *Full slash and woody debris treatment may include any of the following:*
 - a) *Burying;*
 - b) *Chipping and spreading;*
 - c) *Piling and burning; or*
 - d) *Removing slash and woody debris from the site for treatment in compliance with (a)-(b). Slash and woody debris may not be burned by open outdoor fires except under permit from the appropriate fire protection agency, if required, the local air pollution control district or air quality management district. The burning must occur on the property where the slash and woody debris originated.*

Limitations and Considerations for Timberland Conversion Activities (Cont.)

- 7) *Slash and woody debris, except for pine, which is cut up for firewood shall be cut to lengths 24 inches or less and set aside for drying by April 1 of the year following its creation. Pine slash and woody debris which is cut up for firewood shall be cut to lengths 24 inches or less and set aside for drying within seven days of its creation.*
- 8) *Any treatment which involves burning of slash or woody debris shall comply with all state and local fire and air quality rules.*

Cultivation Area #1: There are four distinct areas of residual slash and woody debris observed during the site visit. Two of the four areas require treatment as shown on the attached map. The two areas located south of Cultivation Area #1 (south of the lower access road) do not require treatment. Both of these areas contain rotten tanoak logs that are not a fire hazard. The treatment of this material would negatively affect the young-growth conifer and hardwood regeneration occurring nearby. Douglas-fir seedlings are benefitting from the shade and moisture provided by these rotting downed logs. A large Douglas-fir log, approximately 44-inches diameter by 20-feet length, is also located near the rotting tanoak logs, which has value to wildlife as "downed woody debris". The two areas of slash and woody debris that require treatment are located in the NW ½ of the cultivation site and along the eastern boundary. Several years ago, the landowner felled approximately 15-20 tanoak trees located directly north of Cultivation Area #1. Some of these trees were apparently infected with SOD. The RPF observed SOD within the immediate area during the inspection. The tanoak tree tops, limbs, branches, leaves etc. were chipped and the logs remain. These logs are in contact with the forest floor and are in advanced state of decay are not a fire hazard. No treatment of these logs is required and no conversion occurred because the tanoak stumps are coppice sprouting.

Cultivation Area #2: No residual slash and/or woody debris was observed and therefore no treatment is required.

Biological Resources and Forest Stand Health

14 CCR 1104.1 (2)(H): "No sites of rare, threatened or endangered plants or animals shall be disturbed, threatened or damaged and no timber operations shall occur within the buffer zone of a sensitive species as defined in 14 CCR 895.1"

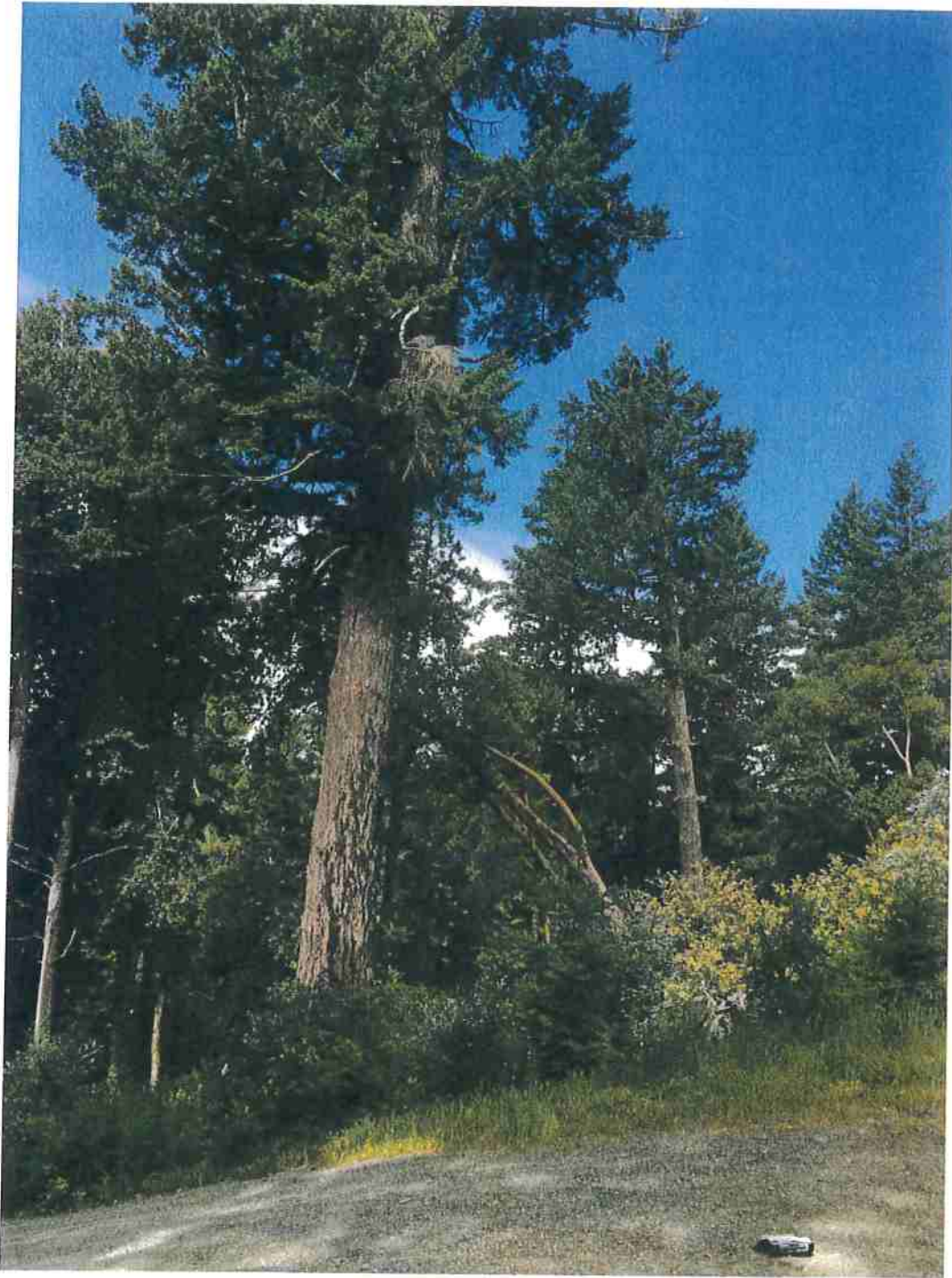
A query of the California Natural Diversity Database (CNDDDB) on June 3, 2018 revealed no observations of sensitive, rare, threatened, or endangered species or species of special concern within a 0.7-mile radius biological assessment area (BAA) surrounding the cultivation sites. No sensitive, rare, threatened, or endangered species or species of special concern were observed during the TRC field assessment of the project area, though potential habitat may exist on the property.

The query of the CNDDDB revealed no known Northern Spotted Owl (NSO) Activity Centers. NSO habitat within the property is "roosting-nesting".

No major forest health issues were observed during the field assessment except the presence of Sudden Oak Death syndrome (SOD). SOD infestations are located throughout the Salmon Creek watershed, and adjacent Bear Butte Ranch.

The conversion areas did not include late successional stands, late seral stage forests, or old growth trees. The conversion area did not include any trees that existed before 1800 A.D. and are greater than sixty (60) inches in diameter at stump height for Sierra or Coastal Redwoods, and forty-eight (48) inches in diameter at stump height for all other tree species. There are two old growth Douglas-fir trees located slightly south of the conversion area, which were fortunately retained. Residual old growth Douglas-fir, particularly of this size, are rare on private lands. The retention of these two large trees are extremely beneficial to wildlife and have contributed to the abundant natural regeneration occurring around the cultivation site. These trees should be retained and protected.

Pictures



Picture 1: Old growth Douglas-fir located below Cultivation Area #1. Photo date 5-29-2018.

Pictures



Picture 2: Logs and woody debris that do not require treatment located below Cultivation Area #1 and above the Storage Shed. Photo date 5-28-2018.

Pictures



Picture 3. Conifer and hardwood regeneration on the fill-slope located between Cultivation Area #1 and the lower access road. Photo date 5-28-2018.

APN 219-041-12

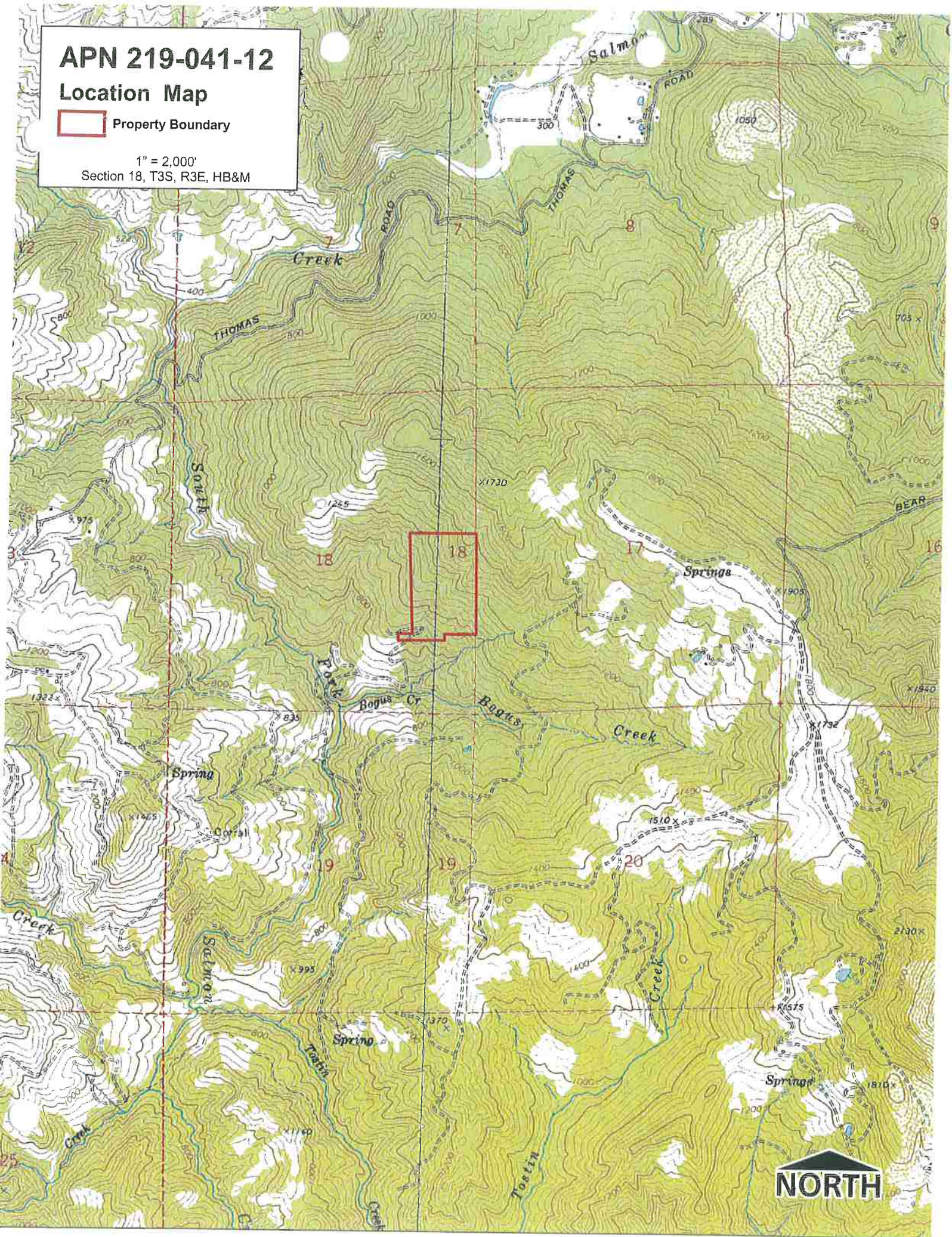
Location Map



Property Boundary

1" = 2,000'

Section 18, T3S, R3E, HB&M



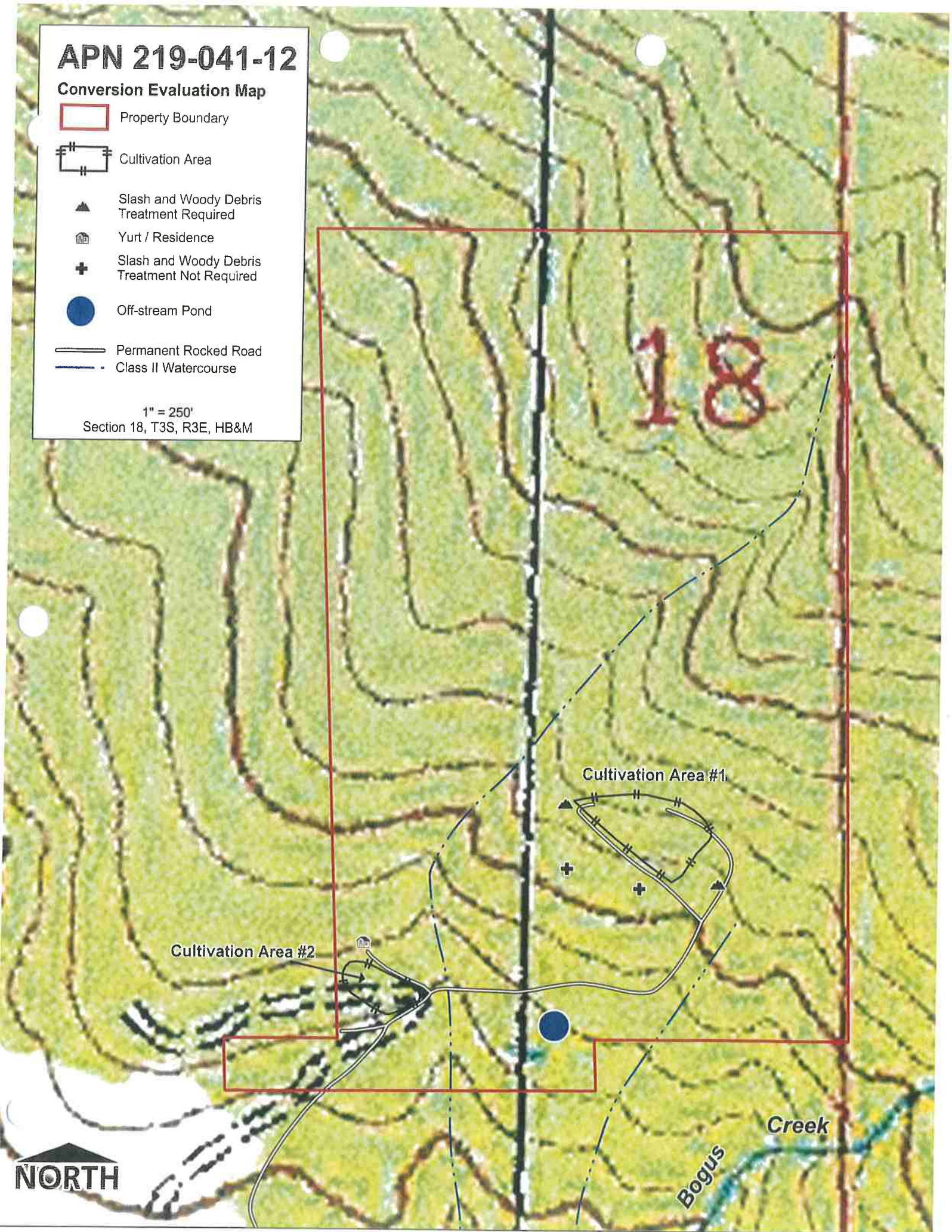
APN 219-041-12

Conversion Evaluation Map

-  Property Boundary
-  Cultivation Area
-  Slash and Woody Debris Treatment Required
-  Yurt / Residence
-  Slash and Woody Debris Treatment Not Required
-  Off-stream Pond
-  Permanent Rocked Road
-  Class II Watercourse

1" = 250'

Section 18, T3S, R3E, HB&M



NORTH

APN 219-041-12

CNDDDB Map



Property Boundary



0.7-Mile BAA



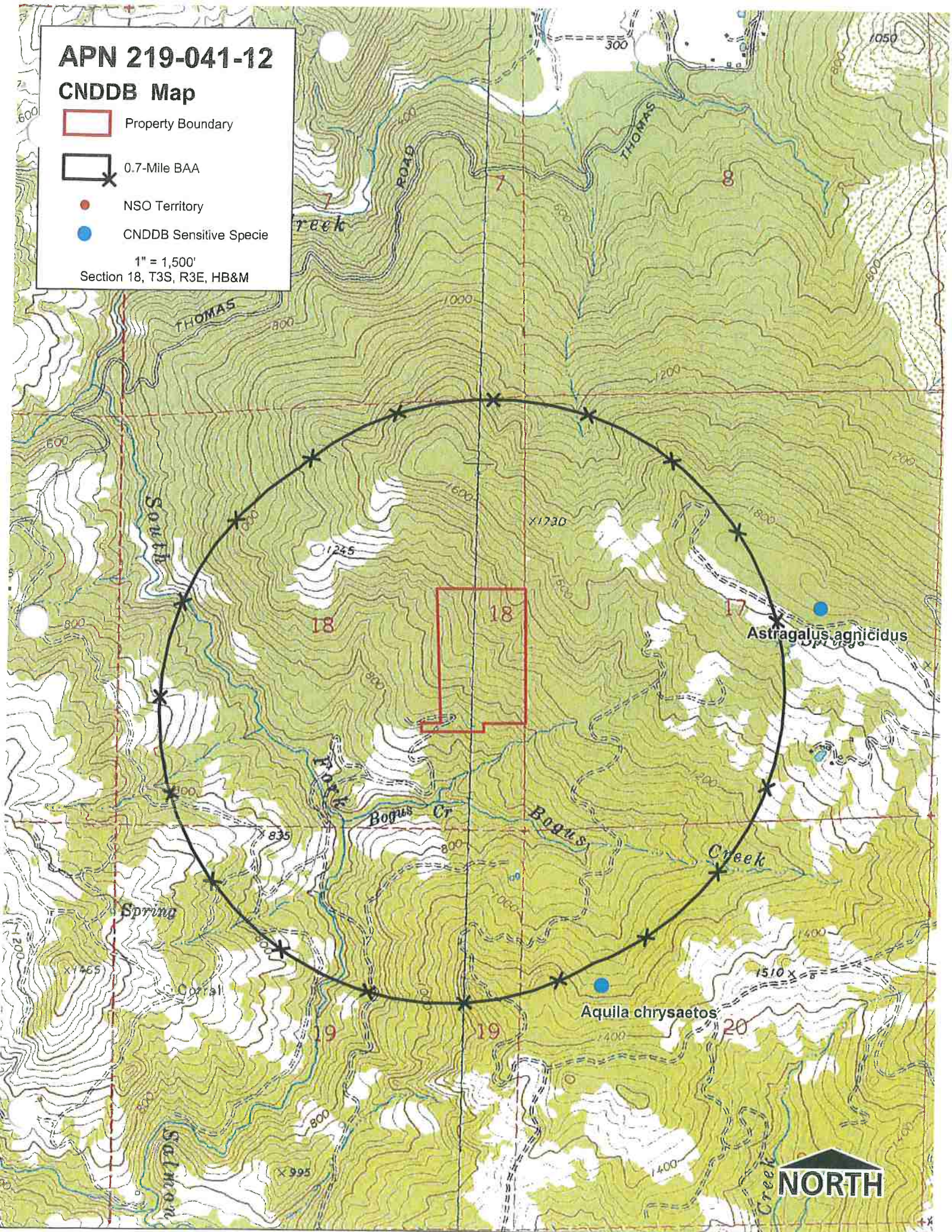
NSO Territory



CNDDDB Sensitive Species

1" = 1,500'

Section 18, T3S, R3E, HB&M



Cultivation Area #1



Cultivation Area #2



Cultivation Removed