

Victoria Davis - Fwd: Flow Kana support for allowance of "Preliminary Activity" via CFC "Exceptions" language in OA_2017-0001

From: PBS PBS
To: Victoria Davis
Date: 9/6/2017 1:21 PM
Subject: Fwd: Flow Kana support for allowance of "Preliminary Activity" via CFC "Exceptions" language in OA_2017-0001
Attachments: Flow Kana_Supporting Info for Preliminary Activity_OA 2017-0001.pdf

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>>> Michael Wheeler <michael.wheeler@flowkana.com> 9/5/2017 5:02 PM >>>

Dear Commissioners,

Flow Kana is pleased to you have received our proposed amendments to OA_2017-0001, the Cannabis Facilities Code (CFC). The attached document is in support of our first of three amendment priorities as presented in our prior exchange on Friday September 1, specifically to:

- Grant a business a license to provisionally operate while the business' complete Application is under consideration if the business is located at the same site as a facility that has previously been permitted for similar activities such as Packing and Processing (Section Sec. 20.032.040 of Business and Professional Code).

Flow Kana is keenly aware of the importance of mitigating environmental impacts when modifying the use of a facility. The attached document begins to share with the County our belief in reducing the impact associated with this property from its prior levels when owned by the Fetzer family. It also shares the trajectory we are on to reduce water use, traffic and heavy vehicle use, and surface water runoff.

We look forward to attending the Planning and Building Commission's meeting on September 7th regarding OA_2017-0001.

With respect,

Michael Wheeler

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Michael Wheeler
Vice President, Policy Initiatives
FLOW KANA
(415) 601-7184



Who is Flow Kana?

Established in 2013, Flow Kana is a branded cannabis distribution company headquartered in California. Flow Kana distributes exclusively for small, sun grown farmers in Mendocino and Humboldt counties, with the majority of our over 100 farmers producing in Mendocino County. Flow Kana currently distributes their product to over 200 dispensaries across the state.

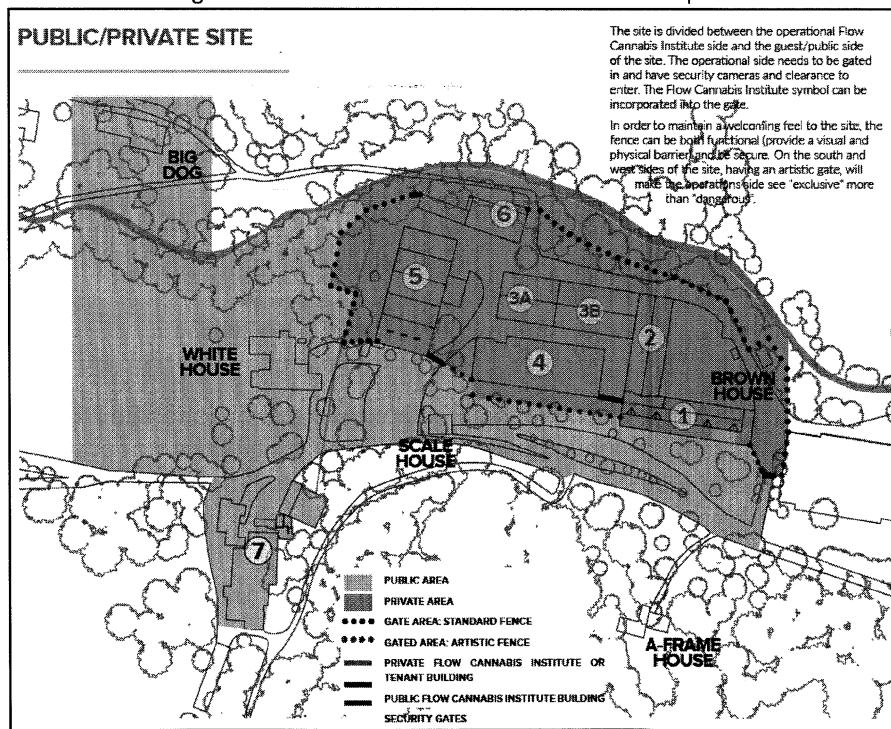
What is the Flow Cannabis Institute?

The Flow Cannabis Institute is California's first cannabis business campus (see Figure 1). It is based here in Mendocino County to address the most significant hurdles faced by small farmers in California's new regulatory framework. The primary challenge for Mendocino's small farmers will be absorbing the anticipated drop in wholesale market prices while scaling up to compete with large, vertically integrated producers.

The Flow Cannabis Institute, purchased in March of 2017, will be housed in the buildings and on the property formerly owned by the Fetzer family which was once a hub of grape processing and wine production. A multimillion-dollar rehabilitation and renovation effort is currently underway to reuse these buildings to process cannabis for our farmers, produce value added products, and comply with state testing regulations.

Providing these services in one central location will give Mendocino's farmers the support they need to survive in the new regulatory environment. Without a central processing facility, these activities will be forced to remain on the farms in a manner that does not comply with state regulations and produces a finished product that is not competitive in the retail market.

Figure 1: Vision of Flow Cannabis Institute use of space





What is the relationship between Flow Kana and the Flow Cannabis Institute?

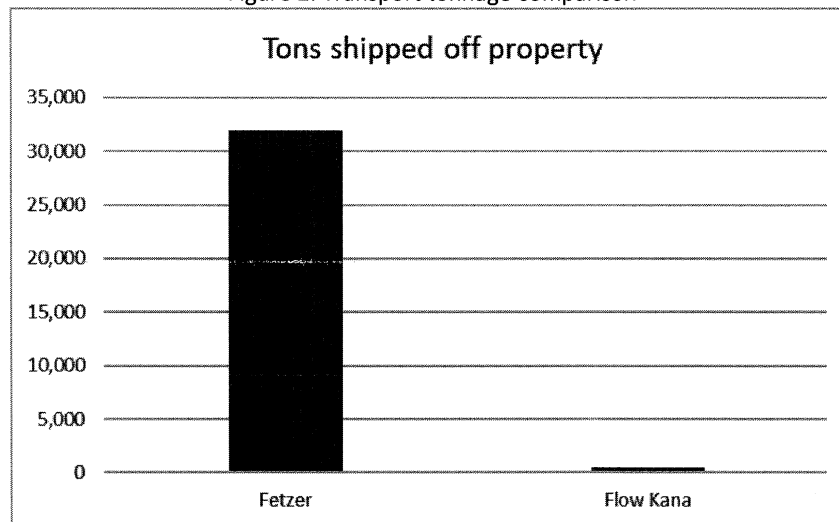
Flow Kana is the anchor tenant of the Flow Cannabis Institute. Other tenants are also envisioned to support the goal of providing farmers with every service they would need to get their product to market in a compliant and efficient way. Specifically, other tenants sought by the institute are a cannabis extract manufacturer and independent testing lab, in addition to the packaging, processing and distribution provided by Flow Kana.

How are the proposed activities at the Flow Cannabis Institute mitigated to protect the environment?

Traffic

In its heyday, the Fetzer winery employed approximately 300 people, produced 1.64 million cases of wine, and was a primary commercial destination for grapes grown all over northern California.¹ Large trucks were used to haul product in and out. We currently do not have records of the Fetzer winery's monthly shipments to precisely estimate traffic. We can deduce however, some level of comparison based on historical production. A full case of wine weighs approximately 40 lbs., and at 1.64 million cases Fetzer would require transport of over 65 million pounds or 32 thousand tons per year (see Figure 2). A typical box truck used today can carry 10,000 lbs.

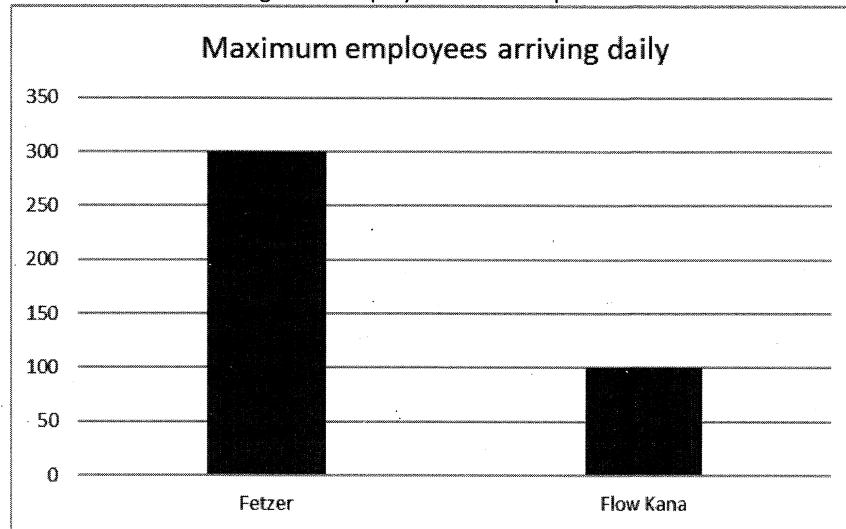
Figure 2: Transport tonnage comparison



In comparison, the Flow Cannabis Institute has ambitions of processing up to 15 tons in 2018 but will never approach production at even a quarter of the volume of Fetzer. Even when it reaches its peak, there will only be approximately 1/3rd the number of employees on site (see Figure 3). Flow Kana and the Flow Cannabis Institute will employ its own transport of product, using its own employees driving specially designed full-size vans – much smaller than a box truck.

¹ 1988, Dan Berger, Los Angeles Times, http://articles.latimes.com/1988-10-20/food/fo-5081_1_fetzer-family/3

Figure 3: Employee travel comparison



Furthermore, the property and adjacent parcels currently house the Germain Robin distillery and Graziano Family Winery, both of which utilize trucks that are larger and travel with more frequency than will happen at the Flow Cannabis Institute. The traffic from these businesses is assumed to remain a constant as will the traffic from the Greenfield community up the road from the Flow Cannabis Institute. The Planning Commission should be made aware that The Flow Cannabis Institute is also investigating the option of creating a new entrance road in the future, which will provide an alternative point of entry from the highway to the property without entering the Bel Arbres community. It is very likely that this new road will become an option for not only the Flow Cannabis Institute commercial traffic but for the Germain Robin distillery and Graziano Family Winery as well.

Water Use

Because there is no cannabis cultivation happening at the institute, the water needs are purely for cleaning, ornamental irrigation and personal use purposes. The water needs of industrial wine production are much greater than the needs for the processing and packaging activities of Flow Kana. Furthermore, when the property was obtained, multiple water leaks were identified. Since taking ownership of the property, the historically leaky infrastructure has been a priority to fix. With the assistance of Bill Koehler, General Manager of the Redwood Valley County Water District, we have seen baseline water usage levels drop as a result. In addition to water conservation the Flow Cannabis Institute will also employ water catchment for use onsite. Based on estimates for water catchment from just two of the six industrial buildings, over 1 million gallons of water are available. We will continue to work on this issue to conserve and self-supply as much water as possible.

Surface Water Runoff

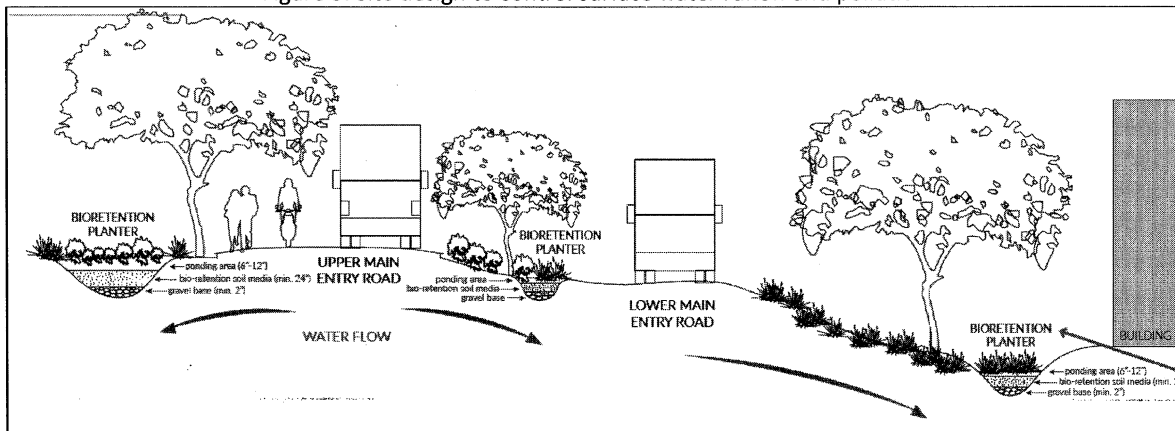
There is much awareness of the importance of mitigating any future surface water contamination at the Flow Cannabis Institute. The facility was built prior to CEQA (California Environmental Quality Act) and is sited next to a seasonal creek. Fortunately, 80% of the site consists of pervious material (soil, vegetation, rocks, etc.) which allows rainwater to seep naturally into the ground. Excess water present during high rainfall events that does

not seep into the ground moves naturally along pervious surfaces as "surface water" to depressed areas and eventually to the stream or river.

20% of the site is covered in impervious surfaces--roofs and pavement--which do not allow rainwater to seep into the ground. Rainwater falling on these surfaces runs quickly off to nearby vegetated areas, adding to the rainfall load of nearby pervious areas, and disrupting the site's natural hydrological flows.

Runoff from impervious surfaces at the Flow Cannabis Institute as well as from nearby residential development can contribute to water pollution. Potential sources in Redwood Valley include vehicle maintenance wastes, pesticides, household hazardous wastes, pet wastes, and trash. During storms, contaminants may be discharged from parking lots, maintenance facilities, and other areas into stormwater systems and ultimately into the Russian River. When surface water and stormwater runoff is controlled, the volume of contamination entering the Russian River system can be greatly reduced. The Flow Cannabis Institute is planning to employ alternatives to impervious surfaces wherever possible and a site design that utilizes natural topography and native landscaping to absorb and filter any pollutants (see Figure 4).

Figure 3: Site design to control surface water runoff and pollution



Odor

As previously mentioned, there will be no cannabis cultivation on site. Buildings where cannabis is stored and processed will be outfitted with carbon filters to eliminate any odors. This standard practice is effective and has been recommended and even required in multiple jurisdictions around California.

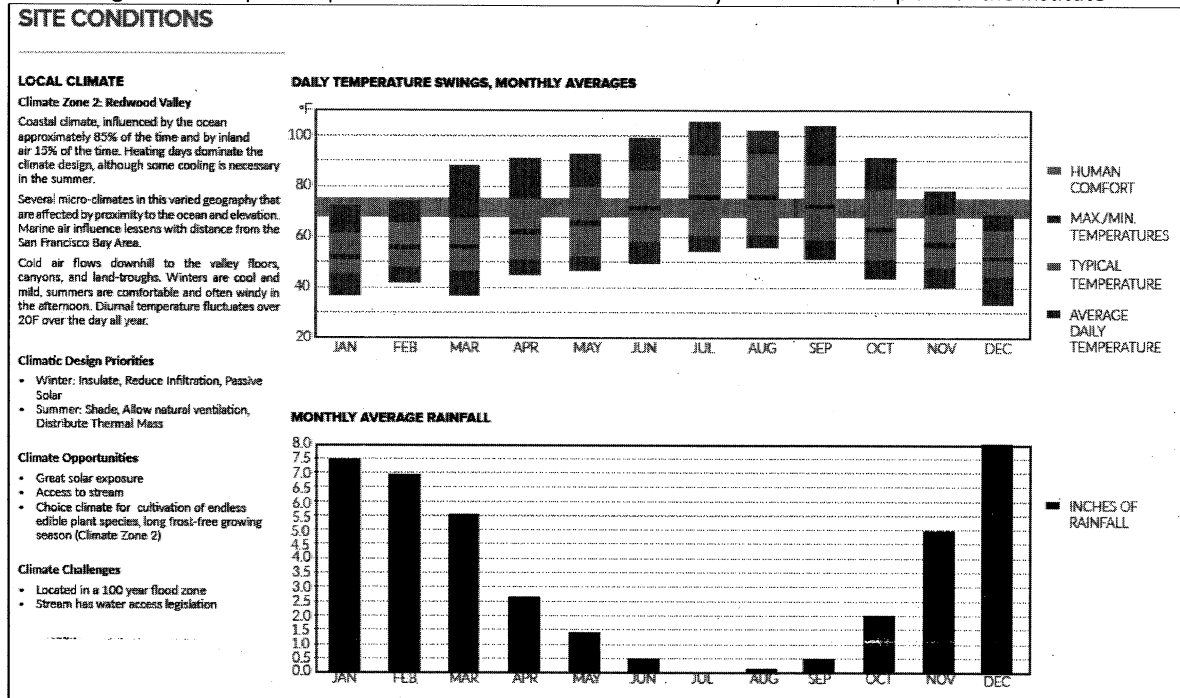
Sustainability

Environmental sustainability is a pillar of the vision for the Flow Cannabis Institute. In addition to sourcing cannabis free from pesticides and regeneratively grown in a manner compliant with the State's rigorous environmental requirements, we seek to showcase sustainable design principles in our reuse of this aging industrial facility. While only a Lead Agency can determine whether the full vision for a cannabis business campus and education center will have no significant impact on the environment, we can initiate our design efforts with sustainability and reduced impact at the forefront and incorporate these principles at each decision point along the way.



We have already begun this practice. In early 2017 Flow Kana hired Stok, a design firm based in San Francisco dedicated to sustainable development of commercial spaces to design a Flow Cannabis Institute master plan. This plan (review upon request) will now guide how we make improvements to this property to holistically consider the working systems including rain catchment for water supply, solar power and energy efficiency for our energy needs, and waste reduction and re-use. Looking ahead, the Flow Cannabis Institute has identified the goal of grid independence in 5 years.

Figure 4: Example of inputs considered in Stok's sustainability-focused master plan for the Institute



Relationship between Flow Cannabis Institute and the Community

Safety and Security

Safety and security are of the utmost importance at the institute. The CEO of Flow Kana and his family live on the property in one of three residences and are dedicated to ensuring a safe environment. The industrial buildings on the property where cannabis will be handled are entirely separated from other areas by a 30-foot sheet metal wall. All areas where cannabis is handled will be inside in restricted access areas managed by security. Visitation will require check in at the main gate.

Sheriff Allman has visited the Flow Cannabis Institute twice and has observed that the design of the facility lends itself to promoting security. Based on his recommendation we are working with Deer Valley Security to ensure a complete and robust security plan as required by the state. Additionally, the Fire Marshall has visited and assessed the property as a condition of our construction permits.



Community Engagement

The Flow Cannabis Institute was designed with the community in mind. In addition to the industrial uses, the institute will act as a place for gathering and education. We currently offer yoga at the institute twice a week, free and open to the public. We also proactively offer public tours of the facility so that the community has a better idea of who we are and what we are trying to accomplish. We have sponsored local events and activities such as the Redwood Valley Farmer's Market, Pure Mendocino and Adopt a Highway. We have also created the Mendocino Impact Fund, a nonprofit that will serve as the fundraising arm of the institute and will donate money back into the Mendocino community. Additionally, to assist with community outreach and philanthropy, the Flow Cannabis Institute has formed a community advisory board. This board will meet in person once per quarter and is charged with bringing community issues to the attention of the institute and making decisions regarding the use of the funds raised into the Mendocino Impact Fund. Board members are:

Sara O'Donnell, Retired (former Director of the Cancer Resource Center of Mendocino County)

Kayla Harrison, Program Coordinator, NCO Volunteer Network

David Fissle, Neighborhood Representative

Ruthie King, Director, School of Adaptive Agriculture

Nikki Lastreto, Swami Select

Julia Dakin, Yokayo Ranch

John Schaffer, Owner and Founder, Real Goods

Jane Fatcher, Journalist and host of the Cannabis Hour on KZYX

Pam Mathias, Redwood Community Services

Mendocino County's Agricultural History

Flow Kana was born out of a desire to support the small, sun grown farmers in the Emerald Triangle. The Flow Cannabis Institute aims to provide the services that the farmers need to survive in the new market, as well as help the county realize the economic benefits of an efficiently run cannabis program. We look forward to working with the county to create the cannabis community that best serves the farmers, the county and the folks who inhabit it.