

**Public Comments on the Sustainable  
California Grown Cannabis Draft Request  
for Grant Application**

**August 5, 2022**



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Sent via email to: CannabisAg@cdfa.ca.gov

### **Origins Council Public Comment on SCGC Pilot Program**

On behalf of Origins Council, representing nearly 900 licensed small and independent cannabis businesses in six legacy producing counties throughout California, we appreciate the opportunity to comment on the draft RGA for the proposed SCGC pilot program.

#### **Program Application and Implementation Date**

We support the proposed modification to delay program application and implementation dates to October 2022 and March 2023, respectively. This modification will provide additional time to establish partnerships among cultivators, scientists, non-profits, and others to bring forward stronger proposals for OEFI's consideration.

#### **Benefits of Outdoor Cultivation**

We support the proposed modification to program objectives to “identify, test, and promote BMPs which encourage environmentally sustainable practices in outdoor cannabis cultivation,” rather than the previously-proposed “identify, test, and promote BMPs which reduce the environmental impact of outdoor cannabis cultivation.” This revised wording acknowledges that, like other forms of agriculture, cannabis agriculture has the potential to have both beneficial and harmful impacts on the environment. The revised wording leaves a judgment on the net impacts

of specific cannabis cultivation practices open to the findings of projects funded under the SCGC.

### **Inclusion of Mixed-Light 1 Cultivation**

We support the proposed clarification to include mixed-light 1 licenses within the scope of SCGC-funded projects. Many outdoor legacy farmers hold separate licenses for outdoor and mixed-light 1 cultivation. Including both of these practices will both make the program as a whole more inclusive, and provide more accurate data regarding the scope of existing cultivation practices.

### **Provision of Advance Payments**

We support proposed modifications to enable advance payments to lead applicants, rather than payments on a reimbursement basis. These changes will enable organizations with comparatively lower cash flow to consider participating in the program.

### **Request for Clarification: Prioritization of Funding**

Page 6 of the proposed RGA states that “funding will be prioritized on the following order” and proceeds to list considerations related to socially disadvantaged cultivators, farm size, and legacy outdoor cultivation.

We are unsure whether this section is referring to 1) a preference for awarding SCGC funding to lead applicants who intend to benefit the specified populations, 2) direction for a lead applicant who receives SCGC funds to prioritize dispersing funds to specified populations, or 3) some other direction. We request clarification on this section.

Additionally, as outlined in the following several sections of this comment, there are multiple references to “priority for funding” at different points and different contexts throughout the RGA. In general, for the purposes of informing RGA applications, we request that CDFA consider either 1) more clearly defining what this “priority” entails and how it impacts the overall selection process, and/or 2) incorporating these priorities into the quantitative scoring criteria currently housed under the “technical review” section.

### **Definition of Small Farms**

The proposed RGA recommends prioritizing participation of small farms, defined on p. 20 to include “cultivators operating under a single medium, small, specialty, or specialty cottage state cultivation license.”

We recommend that the definition of a small farm not reference “holding a single license.” Many farmers hold multiple licenses, not to increase their overall net cultivation area, but rather to cultivate under distinct license types. For example, a farmer holding a single medium outdoor license (one acre) is evidently operating on a larger scale than a farmer holding two specialty (5,000 square foot) licenses for outdoor and mixed-light 1 cultivation.

We recommend defining a “small farm” based on the net scale of operation under control of a single person, rather than by number of licenses held.

**Request for Clarification: 25% Funding Allocation for SDCs, Priority Populations, and Equity Businesses**

Page 14 of the proposed RGA states that “at least twenty-five percent of the funds available for cultivator participation will be reserved for studies including the following cultivator participants” including socially disadvantaged cultivators, priority populations, and cannabis equity businesses.

We are unsure whether this section 1) requires 25% of the total SCGC funds for cultivator participation to be dispersed to specified populations, 2) requires 25% of funds for cultivator participation in each funded study to be dispersed to specified populations, or 3) requires 25% of the total SCGC funds for cultivator participation to be dispersed to projects that “include” (i.e. include participation at any level) from specified populations. We request clarification on this issue.

**Request for Clarification: Socially Disadvantaged Cultivators**

In the section that immediately follows the above section (p. 15), the draft RGA states that “to promote inclusion in the SCGC pilot study, applicants teaming with cultivators identifying as belonging to a socially disadvantaged group will receive priority for funding if they meet a minimum score of 30 points during the technical review.”

We request clarification on how partnership with socially disadvantaged cultivators will factor into project selections, including on the following points:

- The maximum number of points available under technical review is 100. Does this section of the RGA suggest that, for example, an applicant teaming with socially disadvantaged cultivators that received a technical score of 30 would be selected over an applicant that does not team with socially disadvantaged cultivators and that received a technical score of 90?
- If not, how is partnership with socially disadvantaged cultivators factored into the overall selection process?
- What proportion of partnership with socially disadvantaged cultivators is required to meet the requirements of this section?
- Draft RGA guidelines suggest that specific cultivators are not required to be specified as part of the application process. In order to meet partnership standards, should applicants identify specific socially disadvantaged cultivators who they are partnered with?
- How does this section relate to the previous section, which requires 25% of funds to be prioritized for SDCs, priority populations, and equity businesses?

**Request for Clarification: Cannabis Equity Businesses**

At times, proposed RGA guidelines suggest that a “cannabis equity business” is defined by DCC regulatory parameters, while at other times the RGA suggests that “cannabis equity businesses are based on local ordinances.”

However, state (DCC) and local equity definitions currently differ, and some cultivators who qualify as equity under one definition may not qualify under the other definition. Additionally, definitions for statewide equity are currently under consideration with the conclusion of a 45-day public comment period ending on August 2, and may be amended prior to program implementation. Finally, it should be noted that equity definitions on a local level have yet to be developed in a number of jurisdictions which are still in the process of conducting Equity Needs Assessments for purposes of developing local equity programs.

Given the still-unsettled nature of equity definitions at both the state and local level, we recommend that cultivators should be considered “cannabis equity businesses” for purposes of the SCGC based on equity qualification at either a state or local level.

### **Benefits to Priority Populations**

The section regarding priority populations on p.15 states that “to benefit priority populations, projects must be located within an area designated as a priority population and reduce on-site emissions of criteria pollutants through reduced combustion of fossil fuels.”

Taken as a whole, proposed RGA guidelines appear to have a broad understanding of “environmental sustainability” which includes fossil fuel/energy usage as well as water efficiency, soil health, wildlife/forestry impacts, etc. In this context, it is unclear to us why this particular subsection is limited exclusively to fossil fuel and pollutant impacts. Additionally, it is unclear to us why this limitation is only applicable to “priority populations,” and not other specified populations such as SDCs or equity cultivators, or to other contexts such as overall scoring criteria.

We request that CDFA consider removing the requirement that projects must involve a reduction in pollutants/fossil fuels in order to be considered “priority populations.”

Thank you for the opportunity to comment.

Sincerely,



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