

Nursery Advisory Board (NAB) Meeting
California Department of Food and Agriculture (CDFA)
2800 Gateway Oaks Rm. 101
Sacramento, CA 95833

Monday, September 18, 2017
10:00 a.m. – 2:00 p.m.

Voting Members

David Cox
Robert Crudup
Don Dillon
Bruce Jensen
Jay Jensen
Janet Silva Kister
Thomas Lucas
Steve McShane
Scott Nicholson
Daniel Waterhouse

Non-Voting Members

James A. Bethke
Ha Dang
Eric Larson
Lorence Oki
Karen Suslow

CDFA & Guests

Ashley Boren
Stephen Brown
Jill Damskey
Craig Hawes
Joshua Kress
Brenda Lanini
Phuong Lao
Erin Lovig
Jan Merryweather
Amber Morris
Keith Okasaki
Loc Phan
Tyler Rood

1. Roll Call, Opening Remarks, and Housekeeping

Meeting was called to order at 10:00 a.m. by Steve McShane, Board Chair and self-introductions were given.

2. Review of Minutes from March 1, 2017 Board meetings

Robert Crudup moved to approve the Minutes for the March 1, 2017 Board Meeting as submitted. Thomas Lucas seconded. The Board voted as follow:

Yes: David Cox, Robert Crudup, Don Dillon, Bruce Jensen, Jay Jensen, Janet Silva Kister, Thomas Lucas, Steve McShane, Scott Nicholson, Daniel Waterhouse

No: None

Absent: Ernest J. Rodriguez

Motion carried.

3. CDFA Cannabis Update (Attachment 1)

Amber Morris, Branch Chief of the CalCannabis Cultivation Licensing program, presented on the latest updates to the program. The licensing for cannabis had been established between three agencies: CDFA (cultivators including nurseries, flower producers, those who do trimming, drying, and curing), the Department of Public Health (manufacturers who take the raw flower and create another product, including edibles, lotions, etc.), and the Bureau of Cannabis Control under the Department of Consumer Affairs (distributors to retail, laboratories for testing, and dispensaries). The program was also working closely with several other State agencies.

The three types of licenses for cultivators were indoor, outdoor and mixed-light. Other license categories were based on the size of the cultivator. Large-sized cultivators had no size cap and

would not be licensed until 2023. This was done to allow smaller growers to get a foothold in the market. [Senate Bill 94 Cannabis: Medicinal and Adult Use](#) merged the Medical Cannabis Regulation and Safety Act and the Adult-Use of Marijuana Act (Proposition 64, November 2016) into Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) in June 2017. Draft medical regulations which were published in April 2017 had been withdrawn and the program was working on drafting combined regulations. Under MAUCRSA, there would be no legislative difference for medical and adult-use. Participants were licensed for either medical or adult-use and the plant would be labeled for medical or adult-use upon sale. There was a consideration that the amount of THC in a serving size may differ for medical versus adult-use.

Emergency regulations had been submitted under MAUCRSA, in order to meet the effective licensing date of January 1, 2018. However, regulations would not be effective until the program was compliant with the California Environmental Quality Act (CEQA). A draft of the Program Environmental Impact Report (PEIR) was submitted in June 2017. The CEQA document would be certified in November 2017, as long as there were no comments that would change the document significantly. The proposed regulations would address definitions, application, licensing, site specific requirements, records, track and trace, inspections, and enforcement. Since CalCannabis was unable to analyze specific impacts in their CEQA document, certain aspects would need to be addressed with a local CEQA document though the county or analysis would need to be done per farm. Upon implementation of the emergency regulations, the Program would then start on the regular rulemaking process to certify the regulations.

The Board inquired about how involved local agencies were in the licensing process and if businesses would need local compliance in order to receive a license. Morris explained that under MAUCRSA, upon receiving an application the licensing agency would contact the local agency that the applicant was in to verify that the applicant was in compliance with all local ordinances. If the applicant was not compliant a denial letter would be sent out. If the applicant was compliant the licensing process would continue. The local agency would have 60 days to respond. If the local agency did not respond within 60 days the license would be issued. If the local agency notified the licensing agency that an applicant was not compliant after the 60-day deadline, the licensing agency could decide to send a letter of cancellation or could allow a business to retain their license until expiration, and then not renew it. Licenses would be renewed annually without annual notification of local agencies.

Morris noted that SB 94 allowed for the issuance of temporary licenses.

The program planned to develop a check list for participants to ensure they were obtaining the proper licensing, permits, etc. There were several requirements participants could start working on before the end of the year.

The program had two technology projects: online licensing and a statewide track and trace system. The track and trace system would serve three purposes: restrict the movement of legal cannabis into the illegal market and vice versa, track plants from conception to sale, and monitor health issues. The chosen vendor was implementing a software program, METRC, which was already being used for cannabis track and trace systems in other states. This system would be used by all three of the cannabis licensing agencies.

David Cox asked if the track and trace system would be applicable for business solutions. Morris responded that growers from other states had given opinions of the potential for the system and they had indicated that the system would only serve the purpose of tracking and would not be a

business solution. However, the track and trace system and other business solutions could potentially work on the same interface as long as the systems contained similar data.

Joshua Kress asked how fees would be collected. Morris responded that there would be a separate application fee and licensing fee. She noted that the Oregon Department of Agriculture only collected paper money at one location, and seemed to have no issues. The program was working with the Bureau of Cannabis Control to collect paper money at two locations. In accordance with SB 94, one office would be in the north coast. Both locations were expected to be operative by July 2018.

Morris continued that per SB 94, CalCannabis was required to implement a program for organic cannabis and create a cannabis appellations program by 2021. The appellations would dictate that the cannabis plant must grow 100% in their county of production. In addition, Morris noted that cannabis activity would still be subjected to federal prosecution since it continued to be listed as a Schedule I drug under the federal Controlled Substances Act. CalCannabis would enforce licensing regulations for licensed growers, and would aid in providing information for complaints and contact the correct agency for enforcement.

4. Industrial Hemp Update (Attachment 2)

Joshua Kress stated that the Industrial Hemp Program had been added to the Nursery, Seed, and Cotton Program. The California Industrial Hemp Farming Act of 2013 established Division 24 in the California Food and Agricultural Code (FAC), which provided for registration to cultivate industrial hemp. However, due to a provision in the bill, the Division could not become operative unless authorized under federal law. Proposition 64 removed this provision and made the division operative on January 1, 2017. Kress noted that FAC Division 24 addressed cultivation requirements, but did not provide rules for sale, processing, or manufacturing.

The California Health and Safety Code defined “industrial hemp” as those forms of *Cannabis sativa* with tetrahydrocannabinol (THC) levels less than 0.3%. FAC Division 24 established the Industrial Hemp Advisory Board (IHAB), required registration with County Agricultural Commissioners (CAC) for commercial growers and seed breeders, required use of industrial hemp from approved cultivars for commercial cultivation, set restrictions for planting, set testing requirements, and required destruction of plants with >0.3% THC. The law exempted established agricultural research institutions from many of these requirements. The law also provided some reporting requirements for the Attorney General and the IHAB. Kress presented the role of the IHAB and the difficulties in developing regulations under the written law, which did not contain general regulation authority. The program would be working with the IHAB on the development of regulations and further guidelines.

Larson discussed if there was a parallel in local jurisdiction between medical/adult use cannabis and industrial hemp. Kress responded that the law did not state as to whether local authorities could establish their own ordinances regarding industrial hemp. Unlike medical/adult use cannabis, industrial hemp registration was only made with the county. Kress noted that there could be some conflict with planting of industrial hemp and cannabis because of cross pollination concerns.

Kress added that industrial hemp was included in the listing of cannabis as a Schedule I drug under the federal Controlled Substances Act, and that growers could be subject to federal enforcement action. However, federal law did allow for cultivation of industrial hemp in pilot programs and research projects by state departments of agriculture and institutions of higher education, established in Section 7606 of the Agricultural Act of 2014 (aka, the “2014 Farm Bill”).

Since the California Industrial Hemp Farming Act was signed in 2013 and the federal law for industrial hemp was established in 2014, there were discrepancies between the two. The Board discussed what the requirements for the program would be in order to be compliant with federal law so interstate shipments would be possible. Kress stated that he hoped that California institutions of higher education would be able to provide for the importation of seed for growers, but noted that such institutions being exempt from registration could prohibit them from complying with federal law. Kress also noted that a federal Industrial Hemp Farming Act had been proposed in Congress in 2017, and could result in further changes to the federal status and requirements relating to industrial hemp.

5. PlantRight: Update and Next Steps for the Program (Attachment 3)

Jan Merryweather, Senior Project Manager of PlantRight, explained the vision behind [PlantRight](#) and its progress. The organization implemented a voluntary program, to influence the plant industry to reduce its sales of invasive horticultural plants with the ultimate goal of keeping them out of the wildlands. The program had worked with retailers, government, and other nonprofit organizations to execute its mission. PlantRight's approach was science-based, voluntary, and collaborative. The success of the program led to 19 invasive plants to have a presence in less than 1% of surveyed nurseries.

Merryweather continued to explain the damaging results of invasive plants and the origins of their introduction. An invasive plant was defined as non-native, able to spread on its own, outcompeted and displaced native species, and caused or was likely to cause harm. She noted that it was extremely expensive to manage/eradicate an invasive species. Many invasive species originated from the horticultural trade, and at times had been endorsed or planted by the government. PlantRight provided suggested alternatives for the invasive garden plants list, and worked with the UC Master Gardener Program to perform nursery surveys.

The program was being housed at Sustainable Conservation until the end of 2018. Sustainable Conservation was working to identify a new "home", identify funding, and develop a transition plan by the end of 2017. Next steps for 2018 were to conduct surveys, train a new team, and implement the transition plan.

The Board discussed the transition of the program towards a specific agency or institution. It was suggested that since the program was voluntary and not regulatory, it should not be under the scope of CDFA, and would be more appropriate to be housed at the University of California. James A. Bethke and Lorence Oki discussed possible locations at the UC, noting that the program would not fall under the mission statement of the Master Gardeners Program, and that UC Nursery and Floriculture Alliance could potentially house the program, but that funding would be an issue.

It was noted that the cost of the program would likely go up if it were to become a regulatory program due to overhead costs at the state. To that point, Sustainable Conservation has been solely funding the program.

The Board agreed that a letter should be drafted to the Secretary in support of the program and that the program should be housed outside of CDFA, possibly within the UC system. McShane agreed to draft a letter to present to the Board for discussion and approval at the next meeting.

6. PD/GWSS Nursery Subcommittee and Program Update

Craig Hanes, Environmental Program Manager for Pierce's Disease (PD) Control Program, updated the Board on the regulatory nursery stock shipments in infested and non-infested counties. As of July 31, there had been a total of 23,877 shipments, which was 630 more than the previous

year. Five Notice of Rejections (NOR) were issued compared to the eight NOR from the previous year. At the end of August, the origin county inspectors had discovered five adults, eight nymphs, and eight egg masses from the infested areas.

Hanes updated the Board on high risk trapping finds of glassy-winged sharpshooters (GWSS) in infested and non-infested areas, noting that between one and three adults were trapped in Alameda, Amador, Imperial, San Luis Obispo, Santa Clara, and Tulare counties. Delimitation surveys yielded no additional detections in these counties. In Contra Costa County, two adults were trapped at the same nursery, which required the nursery to undergo treatment with county's direction. No additional finds were made post-treatment. Madera County has experienced the introduction of GWSS at the border with Fresno County.

The Board asked what frequency of GWSS finds initiated state involvement and county activities for trapping and treatment. Hanes stated it was up to each county's discretion. Each county held a contract with CDFA to perform PD/GWSS program tasks.

Hanes noted the presence of GWSS found on *Moringa* in San Bernardino. *Moringa* had been recognized as an "orphan crop", and an infested premise would require treatments, as would compliance with the Asian citrus psyllid (ACP) quarantine. Unfortunately, due to its properties as an entirely edible plant, no treatment has been found and thus shipments outside of the quarantine would not be permitted.

7. State Interior Quarantines Update (Attachment 4)

Keith Okasaki, Environmental Scientist for the Emergency Quarantine Response Program, reported on the status of quarantines for light brown apple moth, fruit flies (oriental and Mediterranean), and ACP/Huanglongbing (HLB).

The light brown apple moth quarantine had recently expanded in San Diego, Ventura, Mendocino, and Santa Barbara counties. Not much had changed in the program since the last Board meeting.

In the event of a fruit fly quarantine, restrictions for nursery stock included: compromised nursery stock placed on hold and fruit stripped, then soil treated to release the hold, or without treatment the hold remained for one lifecycle with constant fruit stripping. Okasaki added that if three lifecycles were completed without additional detections, the fruit fly quarantine would be lifted.

For the oriental fruit fly, a quarantine boundary had been implemented in Los Angeles County for 75 sq. miles, which was implemented on August 15, 2017, and was projected to be completed on February 13, 2018. For the Mediterranean fruit fly (medfly), its boundary contained 89 sq. miles in Sun Valley, Los Angeles County, which was implemented in September 8, 2017, and was projected to be completed on February 12, 2018 if there were no additional detections.

Recent single fruit fly detections included: guava fruit fly in Alameda County (September, six or eight fly trigger), medfly in Solano County (August, two fly trigger), melon fly in Santa Clara County (two fly trigger), oriental fruit fly in Alameda, Orange, San Diego, Santa Clara counties (September and August (six or eight fly trigger), peach fruit fly in San Mateo County (September, six or eight fly trigger). For all of these flies, one find of a mated female or immature life stage would also trigger a quarantine.

Since the last Board meeting there had been additional ACP quarantines in Contra Costa and Solano counties. The total ACP quarantine boundary was 63,207 square miles. The HLB quarantine had expanded to 532 square miles, which now added Riverside and San Bernardino counties. One plant

sample detection of HLB automatically initiated a quarantine. There had been 37 total HLB-positive ACP detected, including 30 HLB-positive ACP in 2017. There had been 127 HLB-positive plants detected on 105 properties, including 79 HLB-positive plants in 2017.

The HLB quarantine restrictions prohibited the sale or movement of outdoor nursery stock in quarantine areas. All host plants would be immediately placed on hold following an HLB detection, and a letter was given to each nursery with options of how to proceed once quarantine boundaries were established. Options included destruction of outdoor host nursery stock, or movement of the nursery stock into an approved facility for at least two years with regular testing. Four nurseries had opted to move nursery stock into an approved facility.

Nurseries could also maintain trees in a USDA Animal and Plant Health Inspection Service (APHIS) approved structure. In the event of an HLB quarantine, host plants were immediately placed on hold. Representative sampling and testing would occur every six months. After negative test results for two testing cycles, a nursery would be able to sell or ship plants. Nurseries not currently in a quarantine area could begin the testing process early by participating in a voluntary HLB pre-quarantine sampling and testing program. The nursery would pay all associated costs for the sample collection and testing. Testing would occur every six months, just as within the quarantine. If the nursery did end up in an ACP/HLB quarantine, those tests would count towards the required quarantine testing and could decrease any potential hold times or shipping restrictions. There were eight nurseries involved in the program at the time.

CDFA developed the [Active Quarantines Web Application](#), which allowed an individual to input an address and determine whether the address was within a quarantine area.

The Board discussed if there could be a possibility of developing a web application that encompassed all of the quarantines. Okasaki and Stephen Brown responded that CDFA attempted to create a universal quarantine application, but it could not be established with the overwhelming amount of information. Karen Suslow commented that a similar web application had been created elsewhere, but she was not sure if it was still being maintained.

8. Systems Approach to Nursery Certification (SANC)

David Cox provided an update on the National Plant Board's SANC Pilot Program. Seven of the eight nursery participants had completed the program, with the status of the last nursery unknown due to a management change. A second set of eight nurseries had begun the process for phase two, including one California nursery. The California participant had already completed its initial risk assessment and was waiting for further consultation with the county, state, and SANC consultants. Next the nursery would complete its written manual and submit it for approval. It was expected to be completed by Spring 2018.

Ha Dang, San Diego County Agricultural Commissioner, added that a SANC training was completed in San Diego at the end of July, with 30 attendees from seven California counties and two other states (Arizona and Texas). In addition, the Western Chapter of the Horticultural Inspection Society (WHIS) was holding its annual meeting in Washington state in October, and the meeting included a tour of a SANC pilot participating nursery and a mock nursery audit.

Joshua Kress noted that CDFA would be attending the WHIS meeting thanks to previous Board approval of the trip.

9. Nursery Services Fiscal Update and Proposed Budget FY 18/19 (Attachment 5-7)

Kress informed the Board that beginning July 1, 2017, CDFA was transitioning to a new accounting system: the Financial Information System for California (FI\$Cal).

Kress noted changes to expenditures and revenue from what was presented at the prior meeting. Out-of-state travel expenses had been incorrectly allocated to FY 2014/15 instead of FY 2015/16. The correct amount for FY 2015/16 should have been \$1,179. Total expenditures for FY 2015/16 had decreased by \$10,548, primarily due to refund of indirect charges, and no further expenditures were anticipated for that year.

The starting balance on the fund condition statement for FY 2015/16 has increased by \$118,319. This was due to the redirected expenditures from FY 2014/15 prior to the closeout of that year's budget. Total revenue for FY 2015/16 was \$6,557 lower than previously projected. Total revenue for FY 2016/17 was projected to increase by \$104,974, mostly due to annual fluctuations in participation in the registration and certification programs. Overall, the program continued to project an annual deficit.

As previously reported, the program had estimated that the deficit primarily related to revenue and expenditures for the registration and certification program, with the bulk of the shortfall coming in the strawberry and grapevine program. The program planned to work with participants in those programs to increase fees for the coming year.

Kister asked if cannabis licensing would affect any of the revenue or expenditures for Nursery Services. Kress and Brown responded that CalCannabis would be its own program with its own staff. Any regulatory or enforcement matters regarding cannabis would be handled by the CalCannabis program, not Nursery Services. The addition of this new program could affect indirect costs, but it was not yet clear what that effect would be.

10. Nursery Services Regulations Update

Kress updated the Board on changes to regulations. Previously mentioned changes to California Code of Regulations Section 3061 (nursery stock labeling) and Section 3070 (exemption for fruit tree, nut tree, and grapevine assessment) had taken effect since the previous meeting. The comment period for the revision of the Deciduous Fruit and Nut Trees Registration and Certification Program regulations had also been completed. However, due to requested further changes to the regulation package from the Office of Administrative Law (OAL), CDFA was working on making the requested revisions reposting the rulemaking for another 15-day comment period.

The program had begun contacting participants in the Pome Fruit Tree Registration and Certification Program to discuss changes to that program's regulations.

The program had also spoken with Dang about starting conversations for the development of nursery licensing regulations in 2018. Kress had previously spoken with the California Agricultural Commissioners and Sealers Association (CACASA) Nursery, Seed, and Apiary Committee about the need for regulations to clarify licensing requirements help to ensure consistency statewide.

11. Legislative Update (Attachment 8)

Kress presented updates on the legislation mentioned by Chris Zanolini at the previous meeting. On September 11, 2017, Governor Jerry Brown signed [SB 335, Cannella, Nursery Advisory Board](#). The bill made the Board a statutory body housed at CDFA, effective January 1, 2018.

Kress noted that three previously presented bills would not be taking effect. AB 1163, Irwin (Specialty crop funding), had been replaced with a new bill. SB 602, Allen (Pesticides: neonicotinoids: labeling) and SB 287, Dodd (Habitat restoration: invasive species: Phytophthora Pathogens), were held in committee for the remainder of 2017, but could be revived the following year.

Suslow reported that she has been developing best management practices (BMP) with Kathy Kosta (CDFA Senior Environmental Scientist) in regards to SB 287, which would be reviewed by Senator Dodd's office in 2018.

12. County Agricultural Commissioner's Update

Dang reported that the CACASA president and the other county agricultural commissioners attended the Farm Bill round table in Salinas, where attendees advocated for consistent funding for pest detection and exclusion activities. A letter was submitted with comments that focused on: specialty crops, agricultural biological infrastructures for laboratories and diagnostic centers, the comprehensive pest and disease management system, the importance of phytosanitary certificates, and the role of the county agricultural commissioner in the agricultural trade.

The CACASA Annual Winter Conference was scheduled for October 23-27 in Sacramento.

13. Public Comments

None.

14. Next Meeting/Agenda Items

Board members were interested in being informed about Roundup use and risk, and information about new pests of concern. It was suggested to ensure that challenges for each of the industries represented on the board were heard to ensure that discussions in meetings were well rounded.

McShane announced that he was transitioning out of the retail nursery business, and therefore he would soon no longer be able to participate in the board. Program staff noted that Mike Babineau has also resigned from his position on the Board, and that the program would be posting notices for the two vacancies soon.


The next in-person meeting will take place in February or March 2018. A Doodle poll will be sent out in November or December to determine the best date available. A call in meeting will likely take place in November.

15. Adjournment

Meeting was adjourned at 1:15 pm.

Respectfully submitted by:
Erin Lovig
Senior Environmental Scientist
CDFA Nursery, Seed, & Cotton Program

Approved by Board Motion on February 28, 2018

CAL  CalCannabis Cultivation Licensing

Cannabis Cultivation Program Update

Amber Morris, Branch Chief
Presented to Nursery Advisory Board
September 18, 2017

| Category | Outdoor | Indoor | Mixed-light |
|-------------------------------|--|---------------------------|---------------------------|
| Specialty Cottage | Up to 25 mature plants | Up to 500 sq ft | Up to 2,500 sq ft |
| Specialty | Up to 5,000 sq ft, or up to 50 mature plants | Up to 5,000 sq ft | Up to 5,000 sq ft |
| Small | 5,001-10,000 sq ft | 5,001-10,000 sq ft | 5,001-10,000 sq ft |
| Medium (limited) | 10,001 sq ft- 1 acre | 10,001- 22,000 sq ft | 10,001- 22,000 sq ft |
| Large (Not issued until 2023) | Greater than 1 acre | Greater than 22,000 sq ft | Greater than 22,000 sq ft |
| Nursery | No size limit defined in statute | | |

CAL  CalCannabis Cultivation Licensing 

Topics to Cover

- Who does what?
- Laws & Regulations
- Program Environmental Impact Report
- Technology Projects

September 18, 2017- Nursery Advisory Board

CAL  CalCannabis Cultivation Licensing 

Collaborative Effort

| | | | | | | |
|---|--|---|--|---|---------------------------------|---|
| State Water Resources Control Board Water Issues | Department of Pesticide Regulation Pesticide Use and Guidance | Department of Fish and Wildlife Environmental Impact | Department of Justice Background Verification | Div. of Occupational Safety & Health Labor | City/County Local Ordinances | Department of Technology IT Solution Oversight |
| Treasury Funds | Board of Equalization Tax | Medical Board of California Physicians | Patients HSC 11362.7 | Caregivers HSC 11362.7 | Governor's Office Oversight | |

September 18, 2017- Nursery Advisory Board



CAL  CalCannabis Cultivation Licensing 

Who Does What?

Who Does What

| | | | | |
|---|---|---|--|---|
|  CULTIVATION Food & Ag |  MANUFACTURING Public Health |  DISTRIBUTION Consumer Affairs- Bureau of Cannabis Control |  TESTING |  DISPENSARY |
|---|---|---|--|---|

September 18, 2017- Nursery Advisory Board

CAL  CalCannabis Cultivation Licensing 

California Cannabis Laws

Trailer Bill (SB 94) took:

- 1) Medical Cannabis Regulation and Safety Act
- 2) Proposition 64 (Adult Use of Marijuana Act)

Established:

MAUCRSA- Medicinal and Adult Use of Cannabis Regulation and Safety Act

September 18, 2017- Nursery Advisory Board

CAL

CalCannabis Cultivation Licensing

Regulations

- Withdraw draft medical regulations published in April 2017
- Cross walk draft medical regulations to see what stays and what goes
- Review comments submitted for medical regs
- Draft language for combined regulations
- Issue emergency regulations (fall 2017)

September 18, 2017- Nursery Advisory Board

CAL

CalCannabis Cultivation Licensing

Program EIR

- Began medical PEIR in April 2016
- Expanded scope to add AUMA in April 2017 and sent out reviewed Notice of Preparation

September 18, 2017- Nursery Advisory Board

CAL

CalCannabis Cultivation Licensing

Proposed Cultivation Regulations

- Definitions
- Application
- Licensing
- Site Specific Requirements
- Records & Track and Trace
- Inspections
- Enforcement

September 18, 2017- Nursery Advisory Board

CAL

CalCannabis Cultivation Licensing

Draft Program Environmental Impact Report

```

graph TD
    A[Medical Cannabis Regulation and Safety Act  
2015] --> B[Notice of Preparation (NOP) and Public Scoping Comment Period  
FALL 2016]
    B --> C[Adult Use of Marijuana Act  
NOVEMBER 2016]
    C --> D[Revised NOP and Second Public Scoping Comment Period  
APRIL 2017]
    D --> E[Draft Program Environmental Impact Report (PEIR)  
JUNE 2017]
    E --> F[Final PEIR and Notice of Determination  
WINTER 2017]
    F --> G[LICENSE ISSUANCE  
JANUARY 2018]
    
```

September 18, 2017- Nursery Advisory Board

CAL

CalCannabis Cultivation Licensing

Local Permit, License or Other Authorization

Options:

- Applicant may provide
- Applicant may not provide

BPC section 26055(2)(b) requires that we notify the local contact regardless

September 18, 2017- Nursery Advisory Board

CAL

CalCannabis Cultivation Licensing

Programmatic EIR

- Released for public review on June 15, comment period ended July 31
- Areas for site specific analysis are called out

September 18, 2017- Nursery Advisory Board



Technology Projects

**CalCannabis is deploying
two technology projects by
Jan 2018:**

1. Online licensing system
2. Track and trace system

September 18, 2017: Nursery Advisory Board

Contact Us!



Visit our website and join our
email list:

cannabis.cdfa.ca.gov

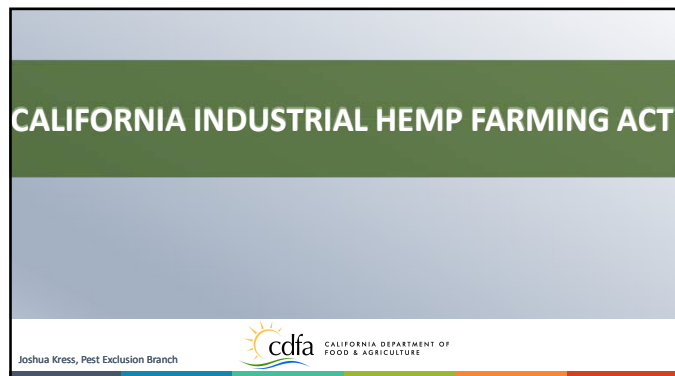


(916) 263-0801



cannabis@cdfa.ca.gov

September 18, 2017: Nursery Advisory Board



What is “industrial hemp”

California Health and Safety Code (HSC) Section 11018.5:

- ❖ “Industrial hemp” means a fiber or oilseed crop, or both, that is limited to types of the plant *Cannabis sativa* L. having no more than three-tenths of 1 percent tetrahydrocannabinol (THC) contained in the dried flowering tops, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin produced therefrom.

California Department of Food and Agriculture

3

California Industrial Hemp Farming Act

Assembly Bill 566, Chapter 398, Statutes of 2013

- ❖ Established Division 24 [Sections 81000-81010] of the California Food and Agricultural Code
- ❖ Signed by the Governor on September 27, 2013
- ❖ Included a provision for the law to “not become operative unless authorized under federal law”
- ❖ The Adult Use of Marijuana Act (Proposition 64, November 2016) removed this provision from the law, and made the Division effective on January 1, 2017

California Department of Food and Agriculture

2

California Industrial Hemp Law

California Food and Agricultural Code (FAC) Division 24:

- ❖ Establishes an Industrial Hemp Advisory Board
- ❖ Requires registration with the CAC for commercial growers and seed breeders
- ❖ Requires use of approved cultivars for commercial cultivation
- ❖ Sets restrictions for plantings, sets testing requirements, and requires destruction of plantings that test at > 0.3% THC
- ❖ Exempts members of an “established agricultural research institution” from most requirements in the Division
- ❖ Includes some reporting requirements for the Attorney General and the Board

California Department of Food and Agriculture

4

Industrial Hemp Advisory Board (IHAB)

Established in FAC § 81001:

- ❖ Vacancies announced on 3/7/17
- ❖ Appointments made for terms starting 6/1/17
- ❖ First meeting held on 6/29/17
- ❖ Next meeting will be scheduled for mid-October

California Department of Food and Agriculture

6

Federal Law Regarding Industrial Hemp

- ❖ Industrial hemp is still listed as a Schedule I Drug by the U.S. Drug Enforcement Administration (DEA). **All forms of hemp not explicitly exempt in federal law could be subject to enforcement action.**
- ❖ Federal law authorizes states and institutes of higher education to establish industrial hemp pilot programs and/or research projects
 - ❖ Agricultural Act of 2014 ("Farm Bill"), Section 7606; signed into law on February 7, 2014. Established United States Code (U.S.C.), Title 7, Section 5940: Legitimacy of Industrial Hemp Research.
- ❖ A federal Industrial Hemp Farming Act has been proposed in Congress in 2017.

California Department of Food and Agriculture

7

California Industrial Hemp Law

Proposed or pending legislation:

- ❖ Trailer bill regarding cannabis, SB 94, signed by the governor on June 27, 2017. This bill removed subsection (b) from Section 81010.
- ❖ There are no other bills currently active in the legislature that would make any changes to FAC Division 24 at this time.

California Department of Food and Agriculture

8

California Industrial Hemp Program

- ❖ Currently managed by the CDFA Nursery, Seed, and Cotton Program
- ❖ Program general inbox: industrialhemp@cdfa.ca.gov
- ❖ See the program's home page for contact info, FAQ's, IHAB and meeting info, current laws and regulations, program updates, and to sign up for our e-mail list:
<https://www.cdfa.ca.gov/plant/industrialhemp/>

California Department of Food and Agriculture

9



Invasive Plant...

1. non-native
2. spreads on its own
3. outcompetes & displaces
4. causes, or is likely to cause, harm

Executive Order 13112; Feb. 1999

Terribly Beautiful

Terribly Beautiful



Terribly Beautiful



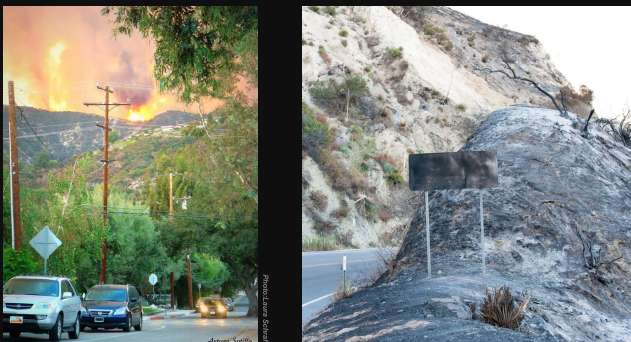
Displace Habitat



Alter Soil



Increase Wildfire Risk



Alter Hydrology



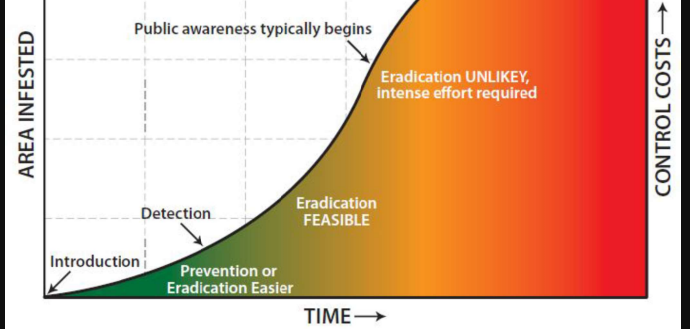
Management Costs



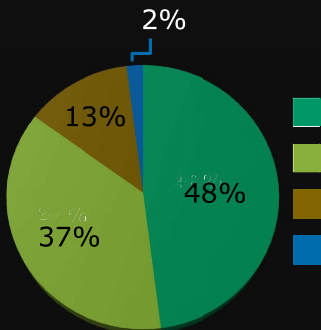
\$80

million per year

INVASION CURVE

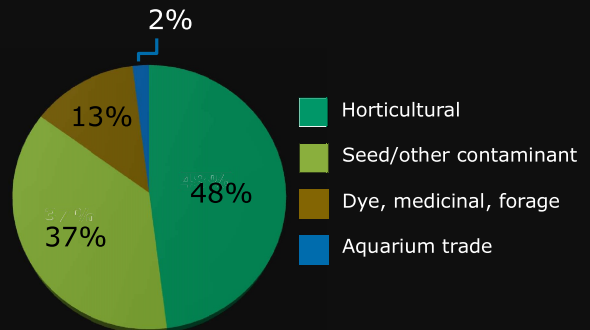


How Did They Get Here?



(Bell et al., 2007)

How Did They Get Here?



(Bell et al., 2007)

Desirable Traits

- Easy to propagate
- Grow rapidly
- Long bloom cycle
- Weather/soil tolerance
- Resist pests & disease

Desirable Traits

Invasive

- Easy to propagate
- Grow rapidly
- Long bloom cycle
- Weather/soil tolerance
- Resist pests & disease

Desirable Traits

Easy to propagate
Grow rapidly
Long bloom cycle
Weather/soil tolerance
Resist pests & disease

Invasive

Easy to establish
Grow rapidly
Fecund
Adaptable
No competition

Desirable Traits

Easy to propagate
Grow rapidly
Long bloom cycle
Weather/soil tolerance
Resist pests & disease

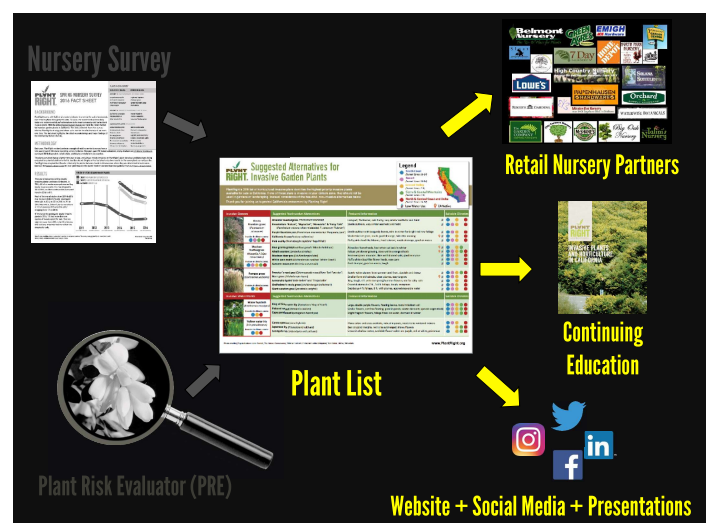
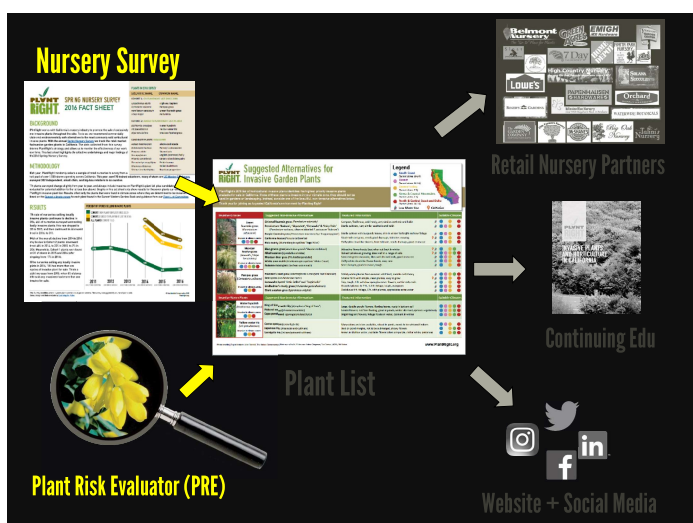
Invasive

Easy to establish
Grow rapidly
~~Fecund~~
~~Adaptable~~
No competition

Stop the sale of **invasive** plants!

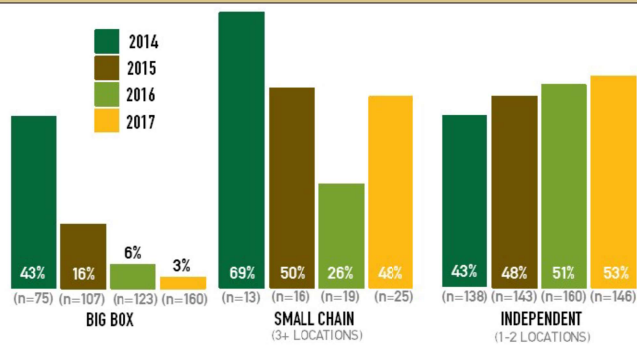


| Suggested Alternatives for Invasive Garden Plants | | | |
|---|--|--|---|
| Invasive Grasses | | Suggested Non-Invasive Alternatives | |
| | Green fountain grass (<i>Pennisetum setaceum</i>) | Oriental fountain grass (<i>Pennisetum orientale</i>) | Penstemon 'Fireworks', 'Skyrocket' & 'Tidy Top' (<i>Penstemon</i> spp.) |
| | Mexican feathergrass (<i>Stipa lessertii</i>) | Blue grama grass (<i>Bouteloua gracilis</i>) | Pink misty (<i>Muhlenbergia capillaris</i>) |
| | Pampas grass (<i>Cortaderia selloana</i>) | White three-awn (<i>Lolium perenne</i>) | Blue grama grass (<i>Bouteloua gracilis</i>) |
| | Foxtail grass (<i>Setaria viridis</i>) | White three-awn (<i>Lolium perenne</i>) | Blue grama grass (<i>Bouteloua gracilis</i>) |
| | Water hyacinth (<i>Eichhornia crassipes</i>) | King of the reeds (<i>Phragmites australis</i>) | King of the reeds (<i>Phragmites australis</i>) |
| | Yellow water lily (<i>Nymphaea lutea</i>) | Japanese iris (<i>Iris ensata</i>) | Japanese iris (<i>Iris ensata</i>) |
| | Lavender (<i>Lavandula angustifolia</i>) | Japanese iris (<i>Iris ensata</i>) | Japanese iris (<i>Iris ensata</i>) |



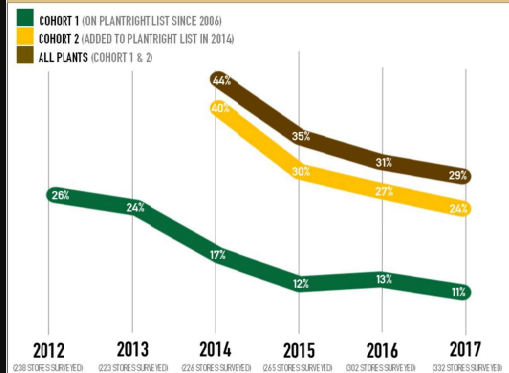
Progress

PERCENT OF STORES SELLING INVASIVE PLANTS BY RETAIL TYPE



Progress

PERCENT OF STORES SELLING INVASIVE PLANTS

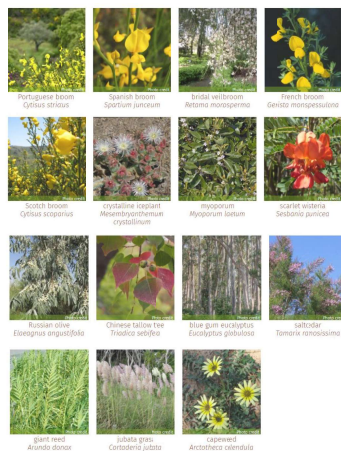


Progress

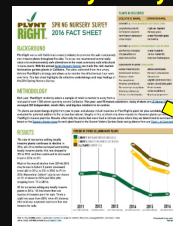
Retired 15

Success Stories: Retired Invasive Plants

To keep the plant list manageable and actionable, the "retired" invasive plants when our nursery survey shows they were found at less than 1% of stores for three consecutive years.



Nursery Survey



Retail Nursery Partners

Continuing Education

Plant List

Plant Risk Evaluator (PRE)

Website + Social Media + Presentations

Next Steps

2017

- Identify "home"
- Identify funding
- Develop transition plan

2018

- Conduct survey
- Training new team
- Implement transition





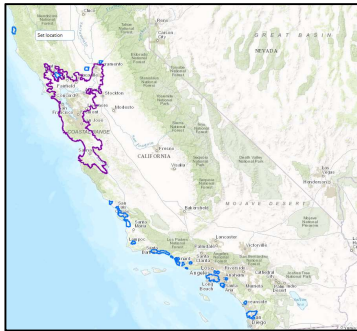
Thank you !



EMERGENCY QUARANTINES

LIGHT BROWN APPLE MOTH

Quarantine Updates



Quarantine and Regulated Areas

- ▢ Quarantine Area - No movement within area or out of area without certification.
- ▢ Regulated Area - Movement within area okay. No movement out of area without certification.

Los Angeles
Mendocino
Orange
Sacramento
San Luis Obispo
Santa Barbara
Solano
Sonoma
Ventura
Yolo

Total =
906 square miles

Alameda
Contra Costa
Marin
Monterey
Napa
Sacramento
San Benito
San Francisco
San Joaquin
San Mateo
Santa Clara
Santa Cruz
Solano
Yolo

Total =
6638 square miles

FRUIT FLIES

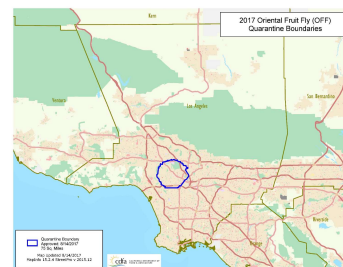
Quarantine Updates

FRUIT FLY QUARANTINE RESTRICTIONS

- Compromised nursery stock is placed on Hold and fruit is stripped.
- Soil may be treated to release the Hold.
- Without treatment, Hold remains for one lifecycle with constant fruit stripping.



ORIENTAL FRUIT FLY

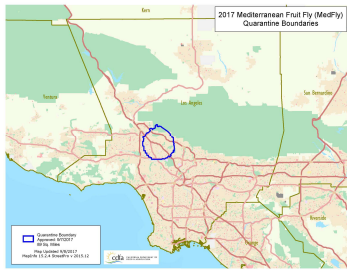


Los Angeles County
Hollywood area

Implemented = 8/15/2017

Projected F3 = 2/13/2018

MEDITERRANEAN FRUIT FLY



Los Angeles County
Sun Valley area

Implemented = 9/8/2017

Projected F3 = 2/12/2018

RECENT FRUIT FLY DETECTIONS

- Guava Fruit Fly (6 or 8 fly trigger)
 - Alameda County – September
- Medfly (2 fly trigger)
 - Solano County – August
- Melonfly (2 fly trigger)
 - Santa Clara County – September
- Oriental Fruit Fly (6 or 8 fly trigger)
 - Alameda County – September
 - Orange County – September
 - San Diego County – August
 - Santa Clara County – September
- Peach Fruit Fly (6 or 8 fly trigger)
 - San Mateo County – September

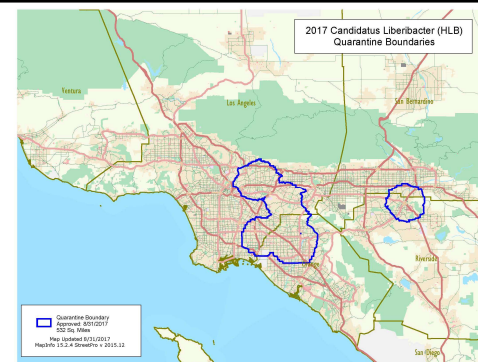
ASIAN CITRUS PSYLLID HUANGLONGBING

Quarantine Updates



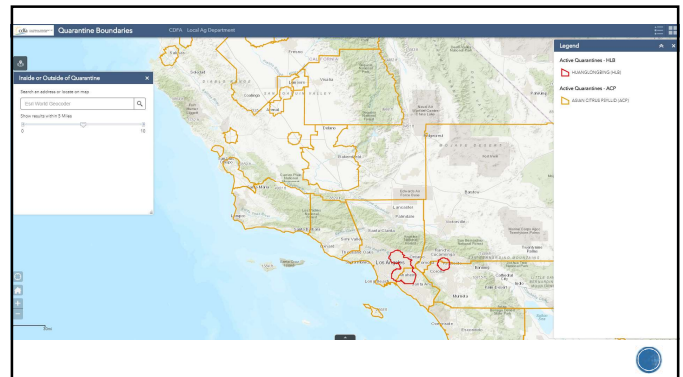
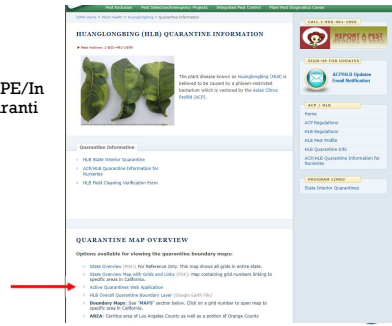
HLB DETECTIONS

- ACP+
 - 37 total positive psyllids
 - 30 positive in 2017
- HLB+ Plants
 - 127 total positive
 - 105 properties
 - 79 positive in 2017



WEBSITE

- www.cdffa.ca.gov/plant/PE/InteriorExclusion/hlb_quarantine.html



HLB QUARANTINE RESTRICTIONS

- Outdoor host nursery stock is prohibited in a quarantine area.
- Host plants are immediately placed on Hold following an HLB detection and commissioner approval of proposed quarantine.
- Once the quarantine is official, a letter is given to each nursery with options on how to proceed.
- APHIS approved facilities.
 - Host plants are immediately placed on Hold.
 - Representative sampling and testing with negative results 6 months apart.
 - Must be sampled and tested with negative results every 6 months.

VOLUNTARY HLB SAMPLING AND TESTING

- Voluntary program available to APHIS approved or pre-approved facilities.
- Completion of 2 tests grants HLB-free status.
- Must continue to be tested every 6 months to maintain status.
- Nursery pays for county time and lab tests.
- Currently 8 nurseries enrolled – 7 have completed at least 2 tests.

QUESTIONS?

Keith Okasaki
Environmental Scientist
Pest Exclusion – Emergency Quarantine Response Program
CDFA
Keith.Okasaki@cdffa.ca.gov

Nursery Services Program Budget Summary

| | PPY 2015/16 per 09/06/17 | PY FY 2016/17 per 09/06/17 | CY FY 2017/18 per 9/06/17 |
|---|--------------------------------|----------------------------------|---------------------------------|
| Permanent Salary | 947,522 | 969,639 | 1,054,786 |
| Temporary Salary | 147,819 | 190,704 | 150,000 |
| Staff Benefits (includes Unemployment Ins) | 608,322 | 650,905 | 575,258 |
| TOTAL PERSONAL SERVICES | 1,703,663 | 1,811,248 | 1,780,044 |
| General Expenses | 27,975 | 23,103 | 40,000 |
| Printing | 4,217 | 6,252 | 5,000 |
| Communications | 12,629 | 13,320 | 14,000 |
| Postage | 6,144 | 5,414 | 8,000 |
| Insurance-Vehicles | 2,761 | 4,382 | 3,000 |
| Travel In-State | 27,608 | 31,035 | 35,000 |
| Travel Out-of-State | 7 | 1,625 | 2,000 |
| Training | 373 | 1,340 | 10,000 |
| Facilities | 148,360 | 153,553 | 145,000 |
| Utilities | 6,504 | 12,623 | 10,000 |
| Cons & Prof | 1,382 | 7,996 | 2,000 |
| Atty General Charges | 0 | 0 | 5,000 |
| External Services (includes web payment service) | 4,922 | 5,196 | 5,000 |
| Intradeptl Charges (includes Division Costs, Executive/Administration, IT) | 412,497 | 427,347 | 475,770 |
| Pro Rata | 112,335 | 104,943 | 102,890 |
| IT Purchases | 12,326 | 14,019 | 14,000 |
| Equipment | 22,962 | 27,854 | 50,000 |
| Field Expenses/Agri & Lab Supplies | 25,989 | 35,939 | 21,000 |
| Vehicle Operations | 31,161 | 25,233 | 50,000 |
| Other Misc. Charges | -44 | -86 | 0 |
| Subtotal Oper Exp/Equip | 860,108 | 901,088 | 997,660 |
| County Contracts | 646,980 | 660,000 | 667,244 |
| Nematode Lab Costs | 67,120 | 65,600 | 68,000 |
| TOTAL OPER EXP/EQUIP | 1,574,207 | 1,626,688 | 1,732,904 |
| Recovery from other programs | (258,383) | (271,259) | (281,894) |
| Reimbursement 224c - Admin | (42,327) | (43,586) | (41,065) |
| TOTAL COST RECOVERIES | (300,710) | (314,845) | (322,959) |
| TOTAL BUDGET w Personnel & Benefits | 2,977,161 | 3,123,091 | 3,189,989 |

Nursery Services Program Fund Condition

Attachment #6

| | PPY 2015/16 EOY Actual | PY 2016/17 Actual | CY 2017/18 Projection | Projection for 2018/19 Fund Condition | Projection for 2019/20 Fund Condition |
|------------------------------------|------------------------------|-------------------------|-----------------------------|---|---|
| BEGINNING RESERVE BALANCE | \$1,594,823 | \$1,425,049 | \$1,168,531 | \$745,142 | \$321,753 |
| REVENUE CATEGORIES | | | | | |
| Nursery License Fee | 1,789,250 | 1,823,275 | 1,800,000 | 1,800,000 | 1,800,000 |
| Acreage Fee | 304,650 | 301,866 | 305,000 | 305,000 | 305,000 |
| Delinquent (Penalty) Fee | 41,625 | 42,150 | 40,000 | 40,000 | 40,000 |
| Directory Sales | 105 | 140 | 100 | 100 | 100 |
| R&C & Nematode Certification | 658,357 | 688,948 | 611,500 | 611,500 | 611,500 |
| Interest & Miscellaneous Income | 13,399 | 10,195 | 10,000 | 10,000 | 10,000 |
| TOTAL REVENUE | \$2,807,386 | \$2,866,574 | \$2,766,600 | \$2,766,600 | 2,766,600 |
| EXPENDITURES | | | | | - |
| Personnel Services | 1,703,663 | 1,811,248 | 1,780,044 | 1,780,044 | 1,780,044 |
| Operating Exp & Equipment | 860,108 | 901,088 | 997,660 | 997,660 | 997,660 |
| County Contracts | 646,980 | 660,000 | 667,244 | 667,244 | 667,244 |
| Lab Services | 67,120 | 65,600 | 68,000 | 68,000 | 68,000 |
| COST RECOVERIES | | | | | - |
| Recovery from other programs | (258,383) | (271,259) | (281,894) | (281,894) | (281,894) |
| Reimbursement 224c - Admin | (42,327) | (43,586) | (41,065) | (41,065) | (41,065) |
| TOTAL EXPENDITURES (BUDGET) | 2,977,161 | \$3,123,091 | \$3,189,989 | \$3,189,989 | 3,189,989 |
| ENDING RESERVE BALANCE | \$1,425,049 | \$1,168,531 | \$745,142 | \$321,753 | (\$101,636) |
| AG TRUST FUND | | | | | |
| Interest | 318,943 | \$320,284 | 321,920 | 322,920 | 322,920 |
| | 1,341 | 1,636 | 1,000 | 1,000 | 1,000 |
| ENDING AG TRUST FUND | \$320,284 | \$321,920 | \$322,920 | \$323,920 | \$323,920 |

NOTES OF INTEREST:

Reserve Calculation: The Department recommends that this program maintain a reserve of between 1/3 and 1/2 of its annual expenditures; this calculates to between \$1M and \$1.5M.

Overview of Indirect Charges

Interdepartmental Charges

Division – Indirect Costs

- Division Infrastructure – Director, Asst. Director, Permits & Regulations, etc.
- Data Management

Departmental Indirect Costs

Internal departmental indirect costs include such items as:

- Personal services costs of the department's administrative, supervisory, and executive staff incurred at the unit, bureau, or division level.
- Personal services costs of support units, including accounting, human resources, contracts, internal audits, legal, information technology, clerical support, etc.
- Operating expenses and equipment costs not incurred to directly support a specific cost objective.

Departmental indirect costs are accumulated and distributed through a cost allocation process to the various units (Programs) in the department.

Statewide Indirect Costs

There are more than 500 state agencies in California. Statewide indirect costs are non-reimbursed (General Fund) central service agency costs. Central service costs are those amounts expended by central service departments and the Legislature for **overall administration of state government and for providing centralized services to state departments**. These functions are necessary for state operations and are centralized to provide efficient and consistent statewide policy and services. Examples are:

- | | | |
|-------------------------------------|--|---|
| • Dept. of Finance (Finance) | • California Victim Compensation and Government Claims Board | • State Agencies Secretaries: |
| • Dept. of Information Technology | • Office of Administrative Law | – Health and Human Services |
| • Dept. of General Services for: | • California State Library | – Youth and Adult Correctional |
| • State Controller's Office | • Health Benefits for Retired Annuitants | – State and Consumer Services |
| • State Treasurer's Office | • Dept. of Justice | – Business, Transportation, and Housing |
| • State Personnel Board | • Bureau of State Audits | – Resources |
| • Dept. of Personnel Administration | • Legislature | |

SWCAP & Pro Rata

Central service agencies provide services benefiting all State departments. Statewide indirect costs may be charged as either Pro Rata or SWCAP. SWCAP costs are used for federal reimbursement purposes. Pro Rata costs are used for special funds and other reimbursements. Only continuously appropriated (CA) funded programs are charged Pro Rata.

CDFA is sent a Pro Rata charge, which is spread across programs based on factors and formulas that consider workload data, billable and non-billable fund categories, and budget data.

Pro Rata is a process that:

- recovers for the General Fund, costs incurred by central administrative service agencies that provided central administrative services to departments
- allocates the costs of each central administrative service agency to operating departments using the departments' workload
- allocates central administrative service agency's costs to a departments' funding sources (i.e., industry-funded programs that use those services)

What is the Ag Trust Fund?

FAC § 233. (a) The trust fund consists of moneys transferred by the director from the Department of Food and Agriculture Fund, including all income therefrom. The amount of funds, excluding interest earned thereon, contained in the trust fund shall be determined by the director, and shall be the same percentage for all agricultural programs, but shall not exceed 10 percent of the annual operating budgets of each agricultural program. Funds in excess of 10 percent of the annual operating budgets of each agricultural program that are in the trust fund, or such other lesser percentage as the director may determine, may be returned to the Department of Food and Agriculture Fund.

(b) The director shall establish separate accounts in the trust fund for the money transferred to the fund from each of the agricultural program accounts in the Department of Food and Agriculture Fund. The trust accounts shall be used by the Department of Food and Agriculture Fund for expenditure when necessary for the exclusive purpose of implementing and continuing any of the agriculture programs with money contained in the trust fund.

FAC § 240. The moneys in the trust fund shall be disbursed only to pay for costs arising from unanticipated occurrences associated with administering self-funded programs. These costs shall include, but are not limited to: attorney costs related to litigation; workers' compensation costs; unemployment costs; phaseout costs of existing programs; and temporary funding for programs that are implementing a fee increase. Any program using the moneys from the trust fund shall repay the trust fund based on a schedule approved by the director.

Senate Bill No. 335

CHAPTER 234

An act to add Chapter 3 (commencing with Section 6990) to Part 3 of Division 4 of the Food and Agricultural Code, relating to nurseries.

[Approved by Governor September 11, 2017. Filed with
Secretary of State September 11, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

SB 335, Cannella. Nursery Advisory Board.

Existing law provides for the regulation of nursery stock and generally requires that nursery stock comply with certain standards and be subject to specified labeling requirements. Existing law makes it unlawful for any person to sell nursery stock without a license.

This bill would establish the Nursery Advisory Board within the Department of Food and Agriculture to advise the Secretary of Food and Agriculture and make recommendations on all matters relating to nurseries and nursery stock. The bill would require that the advisory board consist of 12 voting members, appointed by the secretary, representing persons licensed to sell nursery stock, and that the term for each member be 4 years. The bill would prohibit a member from receiving a salary but would authorize a member to receive a per diem for meetings and other advisory board meetings, as specified. The bill would authorize the advisory board to adopt and amend bylaws as it deems necessary.

The people of the State of California do enact as follows:

SECTION 1. Chapter 3 (commencing with Section 6990) is added to Part 3 of Division 4 of the Food and Agricultural Code, to read:

CHAPTER 3. NURSERY ADVISORY BOARD

6990. (a) There is in the department a Nursery Advisory Board.

(b) The advisory board shall be advisory to the secretary and may make recommendations on all matters pertaining to the portions of this code relating to nurseries and nursery stock, including, but not limited to, the provisions of law identified in Section 6781.

(c) The advisory board may adopt and amend bylaws as it deems necessary to administer this chapter.

6991. (a) The Nursery Advisory Board shall consist of 12 voting members, appointed by the secretary, representing persons licensed to sell nursery stock pursuant to Chapter 1 (commencing with Section 6701).

(b) The advisory board or secretary, or both, may appoint ex officio nonvoting members who do not have a financial interest in the nursery industry.

6992. (a) (1) The term of office for each member of the Nursery Advisory Board shall be four years.

(2) In the event of a vacancy, the secretary shall appoint a replacement member, who shall fulfill the vacancy for the unexpired term.

(b) No more than approximately one-half of the terms for individual seats on the advisory board shall expire in a given year.

6993. (a) The Nursery Advisory Board shall annually elect a chairperson from its membership.

(b) The advisory board may, from time to time as it deems appropriate, elect other officers.

6994. Members of the Nursery Advisory Board shall not receive a salary but may receive a per diem in accordance with the Department of Human Resources rules for attendance at meetings and other advisory board activities authorized by the advisory board and approved by the secretary.

6995. It is hereby declared, as a matter of legislative determination, that voting members appointed to the Nursery Advisory Board pursuant to this chapter are intended to represent and further the interest of a particular agricultural industry concerned, and that the representation and furtherance of that representation is intended to serve the public interest. Accordingly, the Legislature finds that, with respect to persons who are appointed to the advisory board, the particular agricultural industry concerned is tantamount to, and constitutes, the public generally within the meaning of Section 87103 of the Government Code.