



2019

CANNABIS PRODUCTION

IN MONTEREY COUNTY

The 2019 Cannabis Crop Report summarizes commercial cannabis production in Monterey County for the first time. Data revealed a gross production value of nearly \$450 million was cultivated on 86 acres in one year. In addition to our annual Crop Report with over 80 different commodities valued at \$4.2 billion we are proud to introduce this new Cannabis Crop Report into Monterey County's thriving agricultural community.

In accordance with the California Business and Professions Code section 26069.5, the County Agricultural Commissioner may report on cannabis production in their County. The data presented here reflects only gross production values and does not represent the costs associated with taxes, labor, planting, irrigation, harvesting, transportation, distribution or regulatory compliance. It does not reflect the profit of loss experienced by an individual business, or by the cannabis industry. As the first Cannabis Crop Report of Monterey County, values and production are summarized estimates from data collected from numerous sources.

Recent History of Legal Cannabis Cultivation

In 2015, the Monterey County Board of Supervisors adopted an ordinance allowing cannabis cultivators to utilize historic greenhouse space, located mostly south and east of the City of Salinas, to cultivate cannabis. Similarly, the cities of Salinas, Seaside, Gonzales, Greenfield and King City adopted ordinances allowing for the cultivation of cannabis in greenhouse and indoor facilities, and each have their own regulations and tax structures surrounding cannabis businesses. The vast majority of cannabis cultivation occurs the unincorporated areas of Monterey County; this report includes cultivation in incorporated and unincorporated areas.

Monterey County's Cannabis Ordinance limits cultivation to the footprint of buildings in farmland-zoned property, including the neglected greenhouses remnant of a once thriving flower industry. Japanese-Americans established nurseries here in the 1960s because the climate was ideal for greenhouse production. The flower industry peaked in the 2000s, and then declined due to increased competition from South America when U.S. anti-drug policies eliminated import tariffs to help promote their cut flower industry.

Licenses

All Monterey County commercial cannabis cultivators are issued cultivation licenses from the California Department of Food and Agriculture (CDFA) CalCannabis Licensing Division. Cannabis cultivation licenses generally fall within two categories: cultivation and nursery. Cultivation licenses are required to cultivate cannabis in its mature state (flowering plants). A nursery license allows a licensee to produce seeds and cultivate immature plants (vegetative state without flowers). A Monterey County ordinance adopted in 2018 allowed for commercial indoor cultivation and mixed light cultivation. Indoor cultivation utilizes only artificial light whereas mixed light cultivation combines artificial and natural light to grow cannabis. At the local level, an applicant needs at least two permits to operate in Monterey County. First, the applicant must obtain a Land Use Permit (LUP) from the County of Monterey, which allows a specific property to be used for cannabis business purposes. Second, the applicant must obtain a Monterey County Cannabis Business Permit (CNB), which allows an operator to pass initial screening and background checks, and which provides the County with information on exactly how many square feet go into production on a site for tax purposes. At the State level, the applicant must obtain state licenses for the areas designated on each CNB. A licensee may not operate without a valid LUP, CNB and state license, and must be in good standing with the County.

TABLE A	2019 CDFA CalCannabis Cultivation Licensing in Monterey County										
	NURSERY	PROCESSOR	SPECIALTY COTTAGE MIXED LIGHT (2,500 ft²)	SPECIALTY COTTAGE INDOOR (500 ft²)	SPECIALTY INDOOR (5,000 ft²)	SPECIALTY MIXED LIGHT (5,000 ft²)	SMALL INDOOR (10,000 ft²)	SMALL MIXED LIGHT (10,000 ft²)	MEDIUM INDOOR (22,000 ft²)	MEDIUM MIXED LIGHT (22,000 ft²)	TOTALS
NO. OF LICENSES ISSUED BY CDFA	43	31	2	2	12	43	9	318	2	8	470
CULTIVATION LICENSED (SQUARE FEET)	Unlimited	N/A	5,000	1,000	60,000	215,000	90,000	3,180,000	44,000	176,000	3,771,000
CULTIVATION LICENSED (ACRES)	-	-	0.11	0.02	1.38	4.94	2.07	73.00	1.01	4.04	86.57

Review of Table A In 2019, CDFA CalCannabis licensed approximately 3.77 million square feet, or 86.5 acres, of cannabis cultivation area for flowering plants in Monterey County. Eight different license types were issued in Monterey County to produce flowering plants. License types represent gross production area permitted for cultivation and must not exceed each licensed square footage of flowering canopy. All of the licensed square footage was not utilized in production during 2019. Even so, many operations utilized numerous licenses at one location. Throughout the year, there were approximately 70 locations utilizing the 470 licenses issued. Approximately 68% of licenses issued were for Small Mixed Light which reflects the use of numerous greenhouses in the Salinas Valley. Nursery licenses are needed to cultivate vegetative plants, that are not flowering, from seed or clones. Processor licenses are needed for combining post-harvest activities between licenses and cannot cultivate Cannabis.

TABLE B		Production Volumes by Type				
LICENSED PRODUCTION METHOD	ESTIMATED PRODUCTION AREA (SQUARE FEET)	NURSERY PRODUCTS (EA)	DRIED FLOWER (LB)	TRIM (LB)	SEED (LB)	
NURSERY	1,052,800	1,442,000	-	-	-	
INDOOR	115,500	-	46,000	22,600	N/A	
MIXED LIGHT	3,048,600	-	408,000	201,000	N/A	
TOTALS	4,216,900	1,442,000	454,000	223,600	-	

Review of Table B Monterey County cannabis production methods can be generalized into three groups: Nursery, Indoor and Mixed Light. Nursery products include clones/transplants, small potted plants (teens) and plants grown to produce clones (mothers). Indoor cultivation uses only artificial light and Mixed Light uses artificial and natural light, both production methods produce flowering plants. Total production area, including nursery production, was an estimated 4.21 million square feet for unincorporated and incorporated cities during 2019 in Monterey County. Estimated production of nursery products was 1.44 million items. Indoor and mixed light dried flower production was estimated at 454,000 pounds, and trim (small pieces of flower and leaves containing cannabinoids) production was estimated at 223,600 pounds. No data was available for cannabis seed production.

TABLE C		Value Range of Products	
PRODUCT	VALUE: HIGH	VALUE: LOW	
NURSERY CLONES	\$5 each	\$3 each	
NURSERY TEENS	\$13 each	\$10 each	
NURSERY MOTHERS	\$50 each	\$35 each	
FLOWER (MIXED LIGHT)	\$950 lb	\$650 lb	
FLOWER (INDOOR)	\$1,700 lb	\$1,000 lb	
TRIM	\$150 lb	\$80 lb	
SEED	\$2 seed	\$1 seed	

Review of Table C Product values vary substantially and are influenced by strain, market demand, production method, volume, THC concentration, smell, and more. Estimated value data was summarized from Monterey County cultivator surveys, Monterey County Cannabis Industry Association, Coastal Growers Association, and sales data from University of California research. The product value reported here is determined when sold by the cultivator, whether to another cultivator, manufacturer, or distributor. Values reported do not reflect additional production costs as it may be further processed, packaged, or sold directly at retail.

TABLE D		Overall Production Value	
PRODUCT	PRODUCTION	UNIT	VALUE
NURSERY PRODUCTS	1,442,000	Each	\$11,536,000
FLOWER (MIXED LIGHT)	408,000	Pound	\$334,667,000
FLOWER (INDOOR)	46,000	Pound	\$78,203,000
TRIM	223,600	Pound	\$25,282,000
SEED	-	Each	-
TOTAL			\$449,688,000

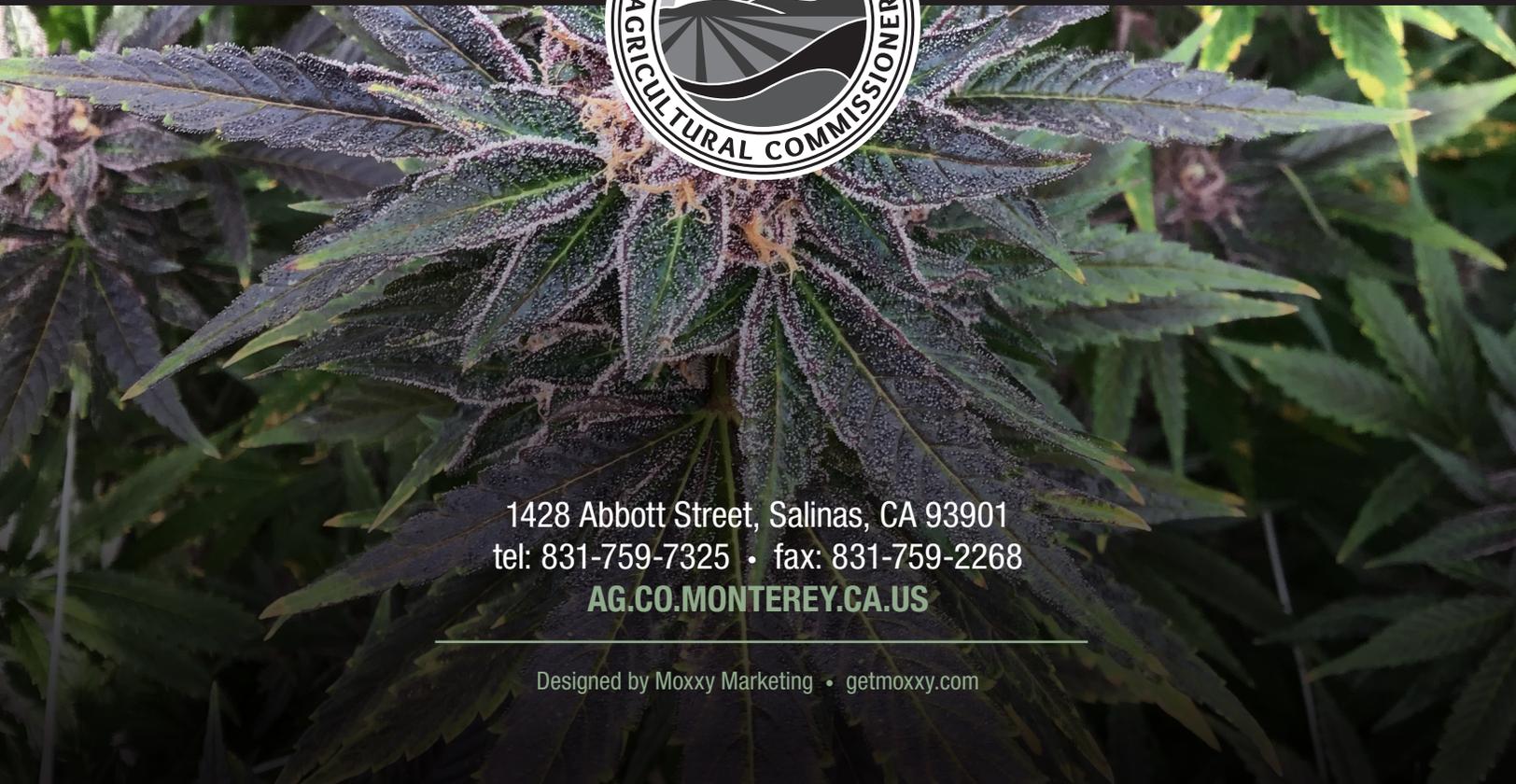
Review of Table D Total production value for cannabis cultivation during 2019 was calculated at nearly \$450 million. The value is summarized and averaged from products sold and is a gross production value. Capital expenditures, labor, profits, fees, taxes, and other overhead costs are not reflected in this total and it does not represent the net profit of the industry, or any individual cultivator.



The annual Monterey County Crop Report is published with over 80 commodities and over \$4.4 billion in gross production value. The addition of the 2019 Monterey County Cannabis Crop Report marks the historic moment for cannabis production and California's Cannabis Industry.

The report was produced with the help of various sources and agencies.

We would like to thank Aaron Johnson of the Coastal Growers Association, Joey Espinoza of the Monterey County NORML, and Bob Roach of the Monterey County Cannabis Industry Association for their support in the production of our inaugural Cannabis Crop Report.



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