

Ramirez, Angelica

Public Comment

#2

**From:** Eric Edwards <eric@goheadwaters.com>  
**Sent:** Tuesday, December 14, 2021 11:12 AM  
**To:** Hartmann, Joan; Williams, Das; Hart, Gregg; Lavagnino, Steve; sbcob; Nelson, Bob  
**Cc:** Bantilan, Cory; Litten, Jefferson; Elliott, Darcel; Henson, Chris; Hanke, Aaron; Tristan Strauss  
**Subject:** Public Comment Item D2  
**Attachments:** HW-PublicCommentLtr.pdf

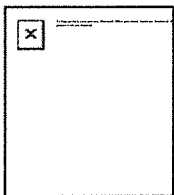
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Honorable Supervisors,

Please see the attached letter from Tristan Strauss, CEO of Headwaters.

Thank you,



**Eric Edwards**

Director of Compliance

c: 818.402.4168

[www.goheadwaters.com](http://www.goheadwaters.com)

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HEADWATERS

December 14, 2021

RE: Public Comment Item D2

Honorable Supervisors,

My name is Tristan Strauss, and I am the CEO of Headwaters. We are the largest wholesale flower distributor in the State and have several farms based locally here in Carpinteria.

First, I'd like to address the decline in tax revenue to the County and the current state of the legal cannabis market. I cannot underscore the severity of the current situation for legal operators. Many of our partners throughout the State are going out of business. The California legal market is in severe crisis and the illicit market is thriving. In fact, due to the severity of this very issue, San Francisco County Supervisors recently voted to delay implementation of their tax program entirely.

Second, I'd like to ask for the County's continued assistance in issuing our Building Permits in a timely manner. One of our projects was approved in September of 2020 and is still not operational, which is devastating for our business. Issuance of building permits has been the hold up to starting operations for Headwaters and many other operators throughout the County. We project that, even with the declining price of cannabis in the market, the County is losing roughly \$3,000 dollars per day, 365 days a year, in potential tax revenue for each day we remain non-operational. Our architects look forward to continuing to work with the Building Department on recommendations for improvements, which will benefit not just the cannabis industry, but other applicants as well.

Third, Headwaters supports eliminating "processing" from the County's acreage cap. This will help incentivize operators to keep their processing facilities in the County. We know from experience with our projects that trying to permit processing is very costly, time consuming and challenging.

Lastly, my staff is currently working through both the Treasurer Tax Collector and County Executive Office's audit processes. We have some constructive ideas of how to make this process less burdensome on legal operators, while also getting the County the data they require.

Thank you for your continued support for operators who are working in good faith to complete the County's permitting and licensing program during these difficult market conditions.

Sincerely,

Tristan Strauss, CEO  
Headwaters