

To: Mayor and City Council  
From: Medical Cannabis Commission  
Submitted by: Rick Pfrommer, Chair  
Subject: Cultivation of Medical Cannabis Beyond the M Zone

### RECOMMENDATIONS

Refer to the Planning Department a request to study opportunities for medical cannabis cultivation expansion beyond the current M District restriction. Examples of such opportunities, supported by the MCC, include:

- the Mixed Manufacturing (MM) District
- the Mixed Use-Light Industrial (MULI) District
- block-by-block Overlay Multiple Zoning designations
- exceptions for cultivation of medical cannabis, on a case-by-case basis, in distressed properties in Manufacturing Districts.

### SUMMARY

In 2010, Berkeley voters passed Measure T, a measure which created zoning language to permit medical cannabis uses. A portion of Measure T was incorporated into the Zoning Ordinance as 23E.76.040, and allows for medical cannabis cultivation at six locations in the M District, with no single space exceeding 30,000 square feet.<sup>1</sup> The city of Berkeley has thus designated a total of 180,000 square feet that can be used for cultivation. The difference between a dispensary and cultivation operation is that cultivators only grow to produce in a non-commercial environment; they do not have retail sales or public access.<sup>2</sup>

#### Shortage of M District Space: per Cannabis Community

For three years, public at Medical Cannabis Commission (MCC) meetings have been reporting that there are extremely limited rental opportunities in the M District. Several members of the MCC have walked the M District and, as a result, understand this concern. One MCC commissioner has personally experienced the frustration of unsuccessfully searching for a viable space for medical cannabis cultivation in the M District.

“Soon after Measure T was written and passed, there was excitement in the cannabis community about large-scale cultivation. People were optimistic that the city had permitted space for such an endeavor. However, once I was able to explore the M District by foot and vehicle, I quickly learned that space was not only ridiculously limited, but with a lot of building owner flexibility in rental agreements and lease contracts - which added extra

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<sup>1</sup> Undoubtedly, many cultivators will have operations much smaller than 30,000 square feet.

<sup>2</sup> Approximately two-thirds of a cultivator’s space is devoted to growing plants, representing the first two phases of cultivation – vegetation and flowering. The final and third phase of cultivating is devoted to harvesting and processing – researching, trimming, drying, sorting, packaging, office management.

expenses. This was during the economic downturn when real estate was at an all-time low, and it was still very hard to find a space that was feasible for large-scale cultivation or worth the investment. If the city expanded beyond the M District for cultivation, more opportunities would be created for viable space options to accommodate serious large-scale cultivation.”

From a slightly different perspective, as recent as the MCC November 2013 meeting, a three-year small-scale manufacturer of non-psychoactive cannabis products for pain (e.g., infused medicine into topicals, tinctures) reported his inability to find space in the M District.

“In trying to relocate to expand our operations, we encountered scarcity of suitable space in the M District, compounded by apprehension from Berkeley landlords to lease to cannabis-related businesses. We hope the City will approve increased options for rental space for such businesses. Such action will allow us to expand and thereby provide increased employment opportunities and revenue for the City of Berkeley, and ensure that Berkeley remains a welcome home for safe, pain relieving, healing medicines and products from the cannabis plant.”

The MCC could obtain additional testimonials if the Council so desires.

#### Shortage of M District Space: Confirmed from Broader Perspective

The MCC investigated from yet a different perspective leasing opportunities in the M District, by conferring with people knowledgeable of the M District who were not affiliated with the medical cannabis business.

- A lumber business owner noted that, unlike many other districts in Berkeley, one rarely sees a For Rent sign in the M District. And if there is a For Rent sign, it is invariably for very small, restricted sections of very large spaces.
- A realtor reported that there are a lot of owner-users and it is unusually difficult to find a vacancy in the M District. He pointed out that because of very low turnover, there has been so far no benefit from the 2009 West Berkeley Project zoning amendment that allows large spaces to be demised into smaller tenant spaces (BMC Section 23E.72.050.C).
- “Very limited M District space, period” is this realtor’s statement that was echoed throughout other interviews.
- Another realtor reported in December 2013, there is a “tight market” in the M District, and “at the moment, there are not any vacancies.”
- In January 2014, an Economic Development Office city official said, “I agree, very little space” when told what realtors had reported regarding the shortage of leasing opportunities in the M District.

In addition, this research also confirmed that many landlords are understandably apprehensive to rent to cannabis businesses because of the federal government’s stance against medical and

recreational cannabis. Realtor opinions on the advantages of expanding beyond the M District for medical cannabis cultivation varied widely.

- Importantly, we were given very specific examples of landlords in other manufacturing districts open to leasing for cannabis cultivation.
- Quite the opposite, however, we were also told by some realtors there is universal landlord refusal to consider medical cannabis businesses.

Significantly, MCC research with sources outside the cannabis community, and our independent observation of the M District, confirmed statements already heard from within the cannabis community; the complete scarcity of available leasing space in the M District for any kind of business.

#### Cannabis Cultivation/Farming the Only Use Solely Restricted to the M District

In addition, it must be noted that while medical cannabis cultivation is currently limited solely to the M District, all other categories of businesses that have uses permitted in the M District (City of Berkeley 23E.72.030 Uses Permitted) also have the possibility of finding leasing space in one or, in most cases, several of the city's other three manufacturing districts.<sup>3</sup> (See Attachment A for this comparative analysis.) A good example is the Light Manufacturing category. This category includes large-scale indoor farming (e.g., broccoli, orchids), per planning staff. Indoor farming is allowed in all four manufacturing districts (M, MM, MULI, MU-R) and the West Berkeley Commercial (CW) District – indoor farming, that is, except for the cannabis plant. The current zoning restriction on the cultivation/farming of medical cannabis, therefore, means that if there is in fact no adequate leasing space available in the M District, the cultivation/farming of medical cannabis is not possible within the city of Berkeley.

#### Characteristics of the M District

The M District represents less than one percent (0.77%) of the city size.<sup>4</sup> This district is 17-square blocks, although a railroad right-of-way runs through the district for six blocks and reduces the overall area by approximately two square blocks. The M District has long-time, established businesses, several of which utilize entire blocks (e.g., Pacific Steel Casting, PS Public Storage, Extra Space Storage, Berkeley Forge and Tool, City of Berkeley Transfer Station, Hertz Equipment Rental, All Import Auto Salvage). It also includes huge, hulking buildings that historically present extremely difficult environmental concerns and therefore economic challenges to cultivating/farming in this area. Perhaps the best symbol of the M District is the formidable string of silos from Crystal Amber Industrial. The M District borders the Berkeley Skate Park, Gabe Catalfo Fields, and Harrison Homeless Shelter that includes children; while Berkeley does not have buffers around parks and schools, the federal government does have buffers and that fact may discourage

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<sup>3</sup> Automobile sales are not allowed in the other three manufacturing zones; auto sale are allowed, however, in other non-manufacturing zones.

<sup>4</sup> 94-acre M District (West Berkeley City Plan, 1993) divided by 12,161-acre City of Berkeley (Quick Index to Origin of Berkeley Names, Berkeley Historical Society) equals 0.0077

potential landlords. All of these impediments contribute to severely limited rental opportunities for cultivation.

#### Advantages of Local-Grown Medical Cannabis

The MCC believes the permitting of locally grown medical cannabis, voter mandated in Measure T, which the mayor and Berkeley City Council placed on the ballot and was approved by the voters in 2010 initiated in 2010, can provide several advantages to local patients, dispensary operators, and Berkeley citizens and community. By significantly reducing the distance between the actual cultivation of medical cannabis and its distribution to qualified patients, the quality of medicine produced will improve, and the likelihood of contaminants will decrease. Greener and more environmentally-friendly techniques and practices can be encouraged and implemented. Local gardens can be observed and monitored more easily throughout the growing cycle. If more City oversight was needed or required, local cultivation sites could be accessed and assessed more efficiently and faster. Likewise, without a great distance between cultivation and patients' access to medicine, communication regarding strains, effectiveness, and experience is facilitated. Feedback and "comparing notes" between patients, dispensary operators, and cultivators can only benefit production methods and results.

Primarily, the price of patients' medicine should be reduced through lower transportation costs. Having security of an established local market, and therefore certainty for regular payment and distribution of medicine produced, will be convenient and lower costs for local cultivators, further benefitting patients. Additional price reduction in medicine could occur with adoption of a Best Practices regime regarding testing of contaminants, which currently add significantly to the price of medicine. The establishment of a local cultivation industry, besides providing cheaper and better medicine to patients, will develop a local economy, bringing a significant number of green jobs with sustainability to Berkeley, also increasing tax revenues as well and therefore citizen and community improvement. According to Northwest Earth Institute's "Choices for Sustainable Living" discussion course book "A dollar spent at a locally-owned store is usually spent 6-15 times before it leaves the community. From \$1, you create \$5 - \$14 in value within that community."

In conclusion, the regulation of medical cannabis is most significant to ensure the best quality and lowest cost for qualified patients. With proper structure and permitting, a safe supply of taxable medicine can be locally produced and more readily available. The Commission believes working through the difficulties involved in beginning medical cannabis cultivation permitting is worth the effort, and ultimately can be rewarding and successful for the Berkeley community, citizens, local patients, caretakers, cultivators, and providers.

#### More Leasing Opportunities Needed to Ensure Cultivation

The MCC recommends that the City maintain the 180,000 square feet limit for city space allowed for medical cannabis cultivation. The MCC is convinced, however, based upon public testimony and a survey of a variety of non-cannabis parties knowledgeable with the M District, that the city will not

be able to realize a thriving medical cannabis cultivation community without expansion beyond the M District.

### FISCAL IMPACTS OF RECOMMENDATIONS

At maximum capacity, with all 180,000 square feet utilized for medical cannabis cultivation, we estimate the city would annually collect between \$650,000 and \$1,322,800 in tax revenue, for an average of \$990,400. The city would annually lose an average of \$5,500 for every thousand square feet under the 180,000 square foot limit that is not utilized for medical cannabis cultivation.

These estimates are based on the cannabis plant's life cycle and the two types of processes (flowering and clone production) involved in cannabis cultivation. (See Attachment B for the detailed analysis of estimated tax revenue.)

The MCC over the next several months will forward to the City Council suggested licensing processes and usage standards as related to medical cannabis cultivation. The MCC believes it is counterproductive to draft cultivation rules prior to pursuing adequate space for cultivation opportunities. The City Manager's report will provide analysis of the fiscal impacts of the ordinance and selection process.

### CURRENT SITUATION AND ITS EFFECTS

Medical cannabis is now legal in 20 states and the District of Columbia. Despite cynicism that medical cannabis is a beginning attempt to legalize recreational marijuana use, countless respected scholars and scientists believe strongly in the medical application and study of cannabis. Following are several examples:

- Mayo Clinic Reports. Jane E. Brody in an article entitled "Tapping Medical Marijuana's Potential" (*The New York Times*, 11/5/13) provides a good summary of 40 years of scientific research and a summary of a report titled "Blurred Boundaries: The Therapeutics and Politics of Medical Marijuana," published last year in *Mayo Clinic Proceedings*. According to Brody, there is strong scientific evidence that cannabis may or can treat a wide range of serious ailments (e.g., chronic neuropathic pain, spasticity caused by multiple sclerosis, irritable bowel syndrome, glaucoma, abnormal heart rhythms, sleep apnea, appetites suppressed by cancer or AIDS, epilepsy, alcoholism, post-traumatic stress syndrome). Dr. J. Michael Bostwick of the Mayo Clinic is reported as saying the medical potential for marijuana is "incredibly exciting."
- Dr. Sanjay Endorsement. CNN's Dr. Sanjay Gupta, former high-profile critic of medical cannabis and now known for publicly apologizing and admitting his earlier 2009 Time Magazine assessment of marijuana was wrong, in his "Weed" documentary contains examples of seizure relief in children and adults. Near the documentary's end, Gupta visits an Israeli hospital where

the effects of cannabis on cancer cells are being studied.<sup>5</sup>

- Chemistry Prize. Israel's acclaimed research program has led to breakthrough science on the medicinal capacity of the cannabis plant. As reported in *Haaretz*, 12/19/2013, the studies of Professor Raphael Mechoulam, chemist from Hebrew University of Jerusalem, have laid the foundations for the entire field of cannabis and won him the Israel Prize in Chemistry in 2000.
- Seizure Relief. Jack Healy in an article entitled "Families See New Frontier on Medical Marijuana" (*The New York Times*, 12/6/2013) writes about a movement of families coming to Colorado seeking relief for their children's extreme seizures through an oil made from cannabidiol. Healy reports that Dr. Margaret Gedde, a Colorado physician who has recommended medical marijuana to dozens of families with severely epileptic children, and Dr. Edward H. Maa, an assistant professor of neurology at the University of Colorado School of Medicine, presented their research on this treatment to the American Epilepsy Society the week of 12/9/13.
- Cancer Cells Study. "Cannabinoids have a complex action; it hits a number of important processes that cancers need to survive," reports Dr. Wai Liu, oncologist at St. George's University of London, and author of "Marijuana Compounds Can Kill Some Cancer Cells: Study." He goes on to state: "For this reason, it has really good potential over other drugs that only have one function. I am impressed by its activity profile, and feel it has a great future, especially with standard chemotherapies."<sup>6</sup>
- Apoptosis on Tumor Cells. Locally, across the bay in San Francisco, Michelle Aldrich writes that daily doses of high-concentrate THC oil available from at least 2 local dispensaries, in combination with chemotherapy, healthy diet, and great doctors helped cure her of stage 3 lung cancer. Most of Ms. Aldrich's doctors were unfamiliar and unaware of cannabis oil and its potential to cure cancer. They accepted Ms. Aldrich's use of the oil but were doubtful. Dr. Peter Anastassiou, Ms. Aldrich's surgeon at California Pacific Medical Center, wrote in his pre-surgery report: "homeopathic therapies including hemp oil had putative benefit of directing apoptosis on the tumor cells." Apoptosis means reprogramming cancer cells to kill themselves.<sup>7</sup>
- New Medical Insights. PBS.org, introducing a discussion of Michael Pollan's book *The Botany of Desire*, notes that scientific research on the effects of cannabis has led to "a discovery that is offering new insights into the workings of our memory, emotion and consciousness."

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<sup>5</sup>[https://www.youtube.com/watch?v=Z3IMfIQ\\_K6U](https://www.youtube.com/watch?v=Z3IMfIQ_K6U)

<sup>6</sup> [http://www.huffingtonpost.com/2013/10/25/marijuanacancer\\_n\\_4158865.html?utm\\_hp\\_ref=marijuana](http://www.huffingtonpost.com/2013/10/25/marijuanacancer_n_4158865.html?utm_hp_ref=marijuana)

<sup>7</sup> This information is from her moving story documented in O'Shaughnessy's Winter/ Spring 2013 edition <http://www.beyondthc.com/wp-content/uploads/2013/03/Michelle-BTHC.pdf>. A 10 minute video of Michelle is also available <http://patients4medicalmarijuana.wordpress.com/2012/07/01/michelle-aldrich-cancer-free-thanks-to-cannabis-oil/>

While the evidence supporting medical cannabis grows, the differences in state and federal laws have yet to be resolved satisfactorily.

### CONCLUSION

Berkeley cannabis cultivators will almost certainly be a mix of business people and sophisticated, dedicated cannabis growers. Over the last three years, attendees at MCC meetings have expressed a dedication to working the soil and ensuring an end product that is grown with care, very much like the local, organic, small scale, high quality farmers who are part of the new food movement.

Many cultivators also want to be part of the cutting edge of cannabis science and contribute to an increasingly positive and pivotal role for cannabis in our society. In the words of one aspiring cultivator: "Producing high quality medical grade cannabis in an indoor environment requires a combination of scientific knowledge, technical expertise and a craftsman-like approach. As cannabis cultivation finally becomes a legal and licensed industry, new rules and regulations should ensure that cultivators adhere to Best Practices, while allowing for experimentation and innovation in this exciting and emerging field. Berkeley should craft rules that encourage and empower small local growers to elevate indoor cannabis cultivation to new levels of quality, sustainability and professionalism."

Berkeley's cultivators are passionate about growing medical-grade cannabis that will meet qualified patients' needs. Currently cannabis cultivators have minimal immunity from arrest and prosecution in the provisions of Proposition 215. In anticipation of state legislation, local cultivation regulations will help resolve their uncertain status. City cultivation regulation will facilitate and legitimize local cultivators' efforts to produce medicine for qualified patients.

The MCC recommends that the City expand space allowed for cultivation of medical cannabis beyond the M District to parts of the MM District and the MU-LI District, as a block-by-block Overlay Multiple Zoning designation. The 180,000 square feet that Berkeley has set aside for medical cannabis cultivation represents less than one-tenth of one percent (0.034%) of total City land area.<sup>8</sup> An expansion of City land area allowed for cannabis cultivation to parts of the MM District and the MU-LI District will not increase the 180,000 square-foot zoning restriction. **Opening parts of the MM and the MU-LI will allow expanded opportunities for cultivators to find space, strengthen the City's potential to be a leader in medical cannabis science and farming, improve patient access to quality and affordable medicine, and maximize the City's potential to increase city revenue.**

Attachments:

- A. Comparative Analysis of Uses Permitted in the M District
- B. Estimated Berkeley Business Taxes from Medical Cannabis Cultivation per Measure C

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<sup>8</sup> 4.13 allowable acres for cultivation (180,000 sq. ft. allowed by Measure T divided by 43,560 sq. ft. per acre, according to mathcentral.uregina.ca) divided by 12,161 acres in City of Berkeley equals 0.000339

**Attachment A: All M-Zone Permitted Uses  
Are Allowed In At Least One Other Manufacturing Zone  
Except Cultivation/Farming of Medical Cannabis<sup>1</sup>**

(Source: City of Berkeley 23.E.##.030)

All Uses Permitted in the M Zone (often permits required)	Same Use also Allowed in			
	M (##=72)	MM (##= 76)	MULI (##=80)	MU-R (##=84)
1. Construction Products Manufacturing	<input checked="" type="checkbox"/>	Yes	Yes	Yes
2. Light Manufacturing (incl. large-scale indoor farming)*	<input checked="" type="checkbox"/>	Yes	Yes	Yes
3. Pharmaceuticals	<input checked="" type="checkbox"/>	Yes	Yes	No
4. Primary Production Manufacturing	<input checked="" type="checkbox"/>	Yes	No	No
5. Semiconductors	<input checked="" type="checkbox"/>	Yes	No	No
6. Warehouses (other than Mini-storage)	<input checked="" type="checkbox"/>	Yes	Yes	Yes
7. Warehouse-Based Non-Store Retailers	<input checked="" type="checkbox"/>	Yes	Yes	No
8. Wholesale Trade Establishments	<input checked="" type="checkbox"/>	Yes	Yes	Yes
9. Art/Craft Studio	<input checked="" type="checkbox"/>	Yes	Yes	Yes
10. Bus, cab, truck and public utility	<input checked="" type="checkbox"/>	Yes	Yes	Yes
11. Commercial Excavation	<input checked="" type="checkbox"/>	Yes	Yes	No
12. Contractors	<input checked="" type="checkbox"/>	Yes	Yes	Yes
13. Dry Cleaning and Laundry Plants	<input checked="" type="checkbox"/>	Yes	Yes	Yes
14. Media Production	<input checked="" type="checkbox"/>	Yes	Yes	Yes
15. Recycled Materials Processing	<input checked="" type="checkbox"/>	Yes	Yes	No
16. Repair Service (other than auto repair)	<input checked="" type="checkbox"/>	Yes	Yes	No
17. Services to Buildings and Dwellings	<input checked="" type="checkbox"/>	Yes	Yes	No
18. Alternate Fuel/Change Stations	<input checked="" type="checkbox"/>	Yes	Yes	No
19. Automobile Wrecking Establishments	<input checked="" type="checkbox"/>	Yes	Yes	No
20. Automobile Sales	<input checked="" type="checkbox"/>	No	No	No
21. Automobile Repair and Service	<input checked="" type="checkbox"/>	Yes	Yes	Yes
22. Activities/Storage Outside of a Bldg. not ancillary to use	<input checked="" type="checkbox"/>	Yes	Yes	Yes
23. Automatic Teller Machines	<input checked="" type="checkbox"/>	Yes	Yes	Yes
24. Outdoor Farms & other Agricultural Uses	<input checked="" type="checkbox"/>	Yes	No	No
25. Parking Lots	<input checked="" type="checkbox"/>	Yes	Yes	Yes
26. Recycling Redemption Centers	<input checked="" type="checkbox"/>	Yes	No	Yes
27. Food Service Establishment	<input checked="" type="checkbox"/>	Yes/No	Yes	Yes
28. Incidental Retail Sales of goods manufactured on site	<input checked="" type="checkbox"/>	Yes	Yes	Yes
29. Cafeterias for employees only	<input checked="" type="checkbox"/>	Yes	Yes	Yes
30. Industrial and mining products	<input checked="" type="checkbox"/>	Yes	Yes	No
31. Clubs, lodges (often for persons working in the district)	<input checked="" type="checkbox"/>	Yes	Yes	Yes
32. Public Safety and Emergency Services	<input checked="" type="checkbox"/>	Yes	Yes	Yes
33. Public Utilities Substations, Buildings and Tanks	<input checked="" type="checkbox"/>	Yes	Yes	No
34. Municipal Animal Shelter	<input checked="" type="checkbox"/>	Yes	Yes	No
35. Wireless Telecommunications located on site	<input checked="" type="checkbox"/>	Yes	Yes	Yes

\*A Senior Planner at the Zoning Counter told a Commissioner that large-scale indoor farming businesses (e.g., broccoli, orchids) are included in the Light Manufacturing category, and allowed in all four manufacturing districts and the West Berkeley Commercial (CW) Zone. He gave her the corresponding 23E.## documents.

Prepared by Karen Marie Rice, updated 3/10/14

<sup>1</sup> One other exception: automobile sales, which are allowed in other non-manufacturing zones.

## Attachment B: Estimated Berkeley Business Taxes from Medical Cannabis Cultivation per Measure S

City of Berkeley Business Tax Calculations per BMC 9.04.136 (Based on gross receipts)

Note- Total cannabis cultivation square footage will almost certainly combine flowering, clone production and also possibly topical and edible production facilities. Two separate calculations of estimated gross receipts are provided: one set for flower production and one set for clone production)

Proposed Cultivation square footage:	180,000
Less 1/3 office, processing etc	-60000
Total sq ft under cultivation	120,000

A. FLOWER CYCLE CALCULATIONS

Assumptions -

- 1) Four 13-week cycles per year (3 week veg + 10 weeks flower)
- 2) Two 1000 watt HID lights per standard 4x8 flood tray yields an average of 2 lbs finished product (1 lb\ light)
- 3) Each 4x8 tray requires a 6x10 area for plant maintenance (60 sq ft)

Total square footage	120,000
divided by area for one tray	60
# 4x8 trays in total cultivation square foot	2000
# lbs per tray	2
Total lbs finished cannabis flowers\cycle	4000
# cycles per year	4
# lbs per year	16,000

<u>Gross Revenue Calculation:</u>	Price per lb	Gross Revenue	<b>Business Taxes @ \$25/1000</b>
Low Range	\$1,500	\$24,000,000	\$600,000
High Range	\$3,300	\$52,800,000	\$1,320,000
Average	\$2,400	\$38,400,000	\$960,000

**B. CLONE PRODUCTION CALCULATIONS :**

Total cultivation square footage (2/3 total)	120,000
Square footage devoted to clones - 20%	
Square footage devoted to immature moms (30%)	
Total square footage for moms (50%)	60,000
# 4x8 flood trays possible (60 sq ft each)	1000
# mature moms per tray	8
Total # moms	8000
# cuttings per mom per week	20
Total # cuttings per week	160,000
Total number cuttings per year	8,320,000
Viable clones @ 80% success rate	6,656,000

<u>Clones Gross Revenue Calculation:</u>	Price per stem	Gross Revenue	<b>Business Taxes @ \$25/1000</b>
Low Range	\$5.00	\$33,280,000	\$832,000
High Range	\$8.00	\$53,248,000	\$1,331,200
Average	\$6.50	\$43,264,000	\$1,081,600

**C. BUSINESS TAX CALCULATION BASED ON A COMBINATION OF 75% FLOWERING AND 25% CLONE PRODUCTION FOR TOTAL CULTIVATION SQUARE FOOTAGE**

	Flowers Total	Clones Total	75/25 Ratio (Flowers + Clones)
Low Estimate	\$600,000	\$832,000	\$658,000
High Estimate	\$1,320,000	\$1,331,200	\$1,322,800
<b>Average Combined Business Taxes</b>			<b>\$990,400</b>

**D. SUMMARY**

We estimate that the City of Berkeley will collect between \$650,000 and \$1,300,000 in revenue from Medical Cannabis cultivation (average of about \$1,000,000) if the total allowable cultivation space under Measure S is available and utilized.

Each 1000 square feet of cultivation space that is not utilized will cost the City approximately \$5500 in potential lost revenue. (\$990,400 avg annual business taxes ÷ 180,000 total cultivation sq ft x 1000 sq ft)