

**Monterey County Board of Supervisors
Referral Submittal Form**

Referral No. 2021.12
Assignment Date: 7/13/21
(Completed by CAO's Office)

SUBMITTAL - Completed by referring Board office and returned to CAO no later than noon on Thursday prior to Board meeting:

Date: 6/29/21	Submitted By: Supervisor John Phillips	District #: 2
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Referral Title: Review of Cannabis Program Organizational Structure

Referral Purpose: To consider a review of the Cannabis Program's efficiencies, particularly the processes for permit review and compliance inspections. Insignificant progress has been made towards local authorizations for cannabis operators related to land use and building permits, which impacts the industry's ability to be considered for state annual licenses. Disparate departmental staff funded solely by cannabis revenue should report directly to the Cannabis Program Manager to expedite permit submittal and reporting efficiencies. This would serve to not only expedite current cannabis permitting, but would in-turn free up staff dedicated to cannabis to more quickly focus on other programs.

Brief Referral Description (attach additional sheet as required): The Cannabis Program was established in March 2018 as a collaborative between ten departments. The role of the Program is to provide coordination between departments, state licensing bureaus, the cannabis industry and community groups. The Program coordinates and leads without authority to direct staff from other county departments. Program duties and resources have expanded over the past three years, beginning with 11.48 staff positions at a total cost of \$2,731,109.50, but has grown to the FY 21/22 budget allocation of 28.23 staff positions at a total cost of \$6,420,089.18. This increase in staff and expense has not resulted in efficiencies or permit processing. Despite the first applications being submitted in 2016, substandard progress has been made towards Land Use Permit approvals: 25% of applications have been approved at an average of six per fiscal year.

Because of this, many operators are not eligible for annual licenses: the industry collectively holds 521 state provisional licenses and 44 state annual licenses. If approved as drafted, language in a trailer bill being considered by California legislature would prohibit new provisional licenses from being issued beginning July 2022. This change would require new applicants to become fully licensed and permitted at the state and local levels before beginning operations, removing the ability to generate revenue to offset compliance costs.

8.75 staff are allocated for cannabis compliance inspections across the Agricultural Commissioner's Office, Housing and Community Development's Building Services, and the Health Department's Environmental Health Bureau. These departments are the primary mechanism for determining operator compliance and application processing. Without uniform management those various departments have not proven to operate in a manner sufficient to process permits effectively. For that reason, select staff funded wholly by cannabis revenue should report directly to the Cannabis Program Manager on an interim basis of 1 year to streamline the managing and reporting process.

Classification - Implication	Mode of Response
<input type="checkbox"/> Ministerial / Minor <input type="checkbox"/> Land Use Policy <input type="checkbox"/> Social Policy <input type="checkbox"/> Budget Policy <input checked="" type="checkbox"/> Other: <u>Cannabis Program</u>	<input type="checkbox"/> Memo <input checked="" type="checkbox"/> Board Report <input checked="" type="checkbox"/> Presentation
	Requested Response Timeline
	<input type="checkbox"/> 2 weeks <input type="checkbox"/> 1 month <input checked="" type="checkbox"/> 6 weeks <input type="checkbox"/> Status reports until completed <input type="checkbox"/> Other: _____ <input type="checkbox"/> Specific Date: _____

ASSIGNMENT – Provided by CAO at Board Meeting. Copied to Board Offices and Department Head(s) Completed by CAO's Office:

Department(s): <u>CAO and HRD</u>	Referral Lead: <u>Nick Chiulos and Irma Ramirez-Bough</u>	Board Date: <u>7/13/21</u>
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REASSIGNMENT – Provided by CAO. Copied to Board Offices and Department Head(s). Completed by CAO’s Office:

Department(s):	Referral Lead:	Date:
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ANALYSIS - Completed by Department and copied to Board Offices and CAO:

Department analysis of resources required/impact on existing department priorities to complete referral:

Analysis Completed By: _____	Department’s Recommended Response Timeline
Date: _____	<input type="checkbox"/> By requested date <input type="checkbox"/> 2 weeks <input type="checkbox"/> 1 month <input type="checkbox"/> 6 weeks <input type="checkbox"/> 6 months <input type="checkbox"/> 1 year <input type="checkbox"/> Other/Specific Date: _____

REFERRAL RESPONSE/COMPLETION - Provided by Department to Board Offices and CAO:

Referral Response Date:	Board Item No.:	Referrals List Deletion:
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Note: Please cc Karina Bokanovich, Rocio Quezada and Maegan Ruiz-Ignacio on all CAO correspondence relating to referrals.