

Period of October – December 2022

Recommendation	Priority	Time Frame	Responsible Party/Parties	Benefit	Quarterly Updates
<p><u>Recommendation #2:</u> Reclassify the incumbent Program Manager II to Cannabis Program Manager and set the salary commensurate with comparable classifications.</p>	<p align="center">A</p>	<p>Before July 2022.</p>	<p>County Administrator and Human Resources Director (HRD).</p>	<p>Aligns Cannabis Program and Cannabis Permitting staff with current responsibilities and recommended organizational structure.</p>	<p>Completed.</p>
<p><u>Recommendation #4:</u> Continue implementing recommendations in the RMA Report to improve general conditions in land use entitlement and building permit processes.</p>	<p align="center">A</p>	<p>Continue as recommended in RMA Report.</p>	<p>Housing and Community Development Management.</p>	<p>Improves permitting experience for all customers.</p>	<p>The implementation of the Citygate recommendations within HCD has had a positive effect on cannabis permitting. Last fiscal year (FY 21-22), 22 planning applications were approved, which is a 175% increase over the prior year. The change is due to the improved service to all planning stakeholders through the building of a culture that emphasizes procedural and substantive due process for the planning practices, development of performance standards, and adherence to project commitments, deadlines, milestones, and status. HCD reports out annually and the final report is</p>

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					expected in February 2023.
Recommendation #5: Enter agreements with provisional operators in Good Standing to contractually obligate them to complete required site improvements, mitigations, and conditions. Issue cannabis business permits to each provisional operator upon completion of the cannabis business permits applications and execution of the agreement.	A	Immediately upon acceptance of Final Report.	County Administrator, County Counsel, Cannabis Program Manager, and Housing and Community Development Director.	Provides the opportunity to improve backlog conditions in the near term.	41 Provisional Cannabis Business Permits were issued between November 1 – December 22, 2022. The remaining will be issued in January 2023.

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Recommendation #7: Create a cannabis permit dashboard report that illustrates the moment-in-time status and aging of an active cannabis business permit in process linked to the active precursor steps to obtaining that specific cannabis business permit, such as planning, building, and code enforcement permits and activity.	A	Immediately upon acceptance of Final Report.	Housing & Community Development Department, Cannabis Program.	Improves information capture relative to cannabis permit application activity and all precursor permitting activity enabling staff to focus actions on applications most needing staff intervention to stay on schedule.	Staff have created a set of performance indicators within PowerBI that will be published on the Cannabis Program webpage in early 2023.

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<p><u>Recommendation #8:</u> Periodic regular meetings between all applicable staff representing the various departments involved in the Cannabis Program should be reinstated. Management should provide direction to applicable staff that attendance and participation is important to ensure appropriate and necessary information is discussed and disseminated to applicable personnel. These meetings will help improve the efficiency and effectiveness of the program, including consistent communication of program issues and the development of comprehensive action plans to address those issues.</p>	<p align="center">A</p>	<p>Immediately upon acceptance of Final Report.</p>	<p>Cannabis Program Office and all departments with cannabis responsibilities.</p>	<p>Improves consistency of Cannabis Program operations.</p>	<p>A meeting was scheduled on 12/5/2022, but there was very little participation from County departments. The Program recommends reducing the frequency of meetings to semi-annual or annual meetings.</p>

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<p><u>Recommendation #9:</u> Training sessions should be conducted periodically and whenever there are major changes in the Cannabis Program fiscal operations to include all applicable department personnel to help develop a consistent understanding of the Cannabis Program among the applicable departments. This training will help ensure applicable departments are consistently following cannabis requirements and have a basic understanding of the Cannabis Program and their respective roles. This training should be organized and conducted by the Program Manager.</p>	<p align="center">A</p>	<p>Ongoing.</p>	<p>Cannabis Program Office</p>	<p>Improves consistency of Cannabis Program operations.</p>	<p>Training meetings are scheduled on an as needed basis. No meetings were conducted during this reporting period.</p>

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<p><u>Recommendation #10:</u> Re-emphasize and/or re-train departments regarding the use of the “Cannabis” report code to ensure it is used consistently for not only applicable expenditures but also applicable revenues to accurately report Cannabis Program activity.</p>	<p>A</p>	<p>Immediately upon acceptance of Final Report.</p>	<p>Cannabis Program Office and all departments and employees with permitting responsibilities.</p>	<p>Improves consistency of Cannabis Program operations.</p>	<p>The Program met with each department to review cannabis allocations and associated costs for FY 24, as well as to review override reporting codes. The Program requested that each department identify FY 24 indirect costs on a separate line for increased transparency.</p> <p>Additionally, the Program and HCD have made significant progress towards identifying cannabis-related building permits and their accompanying fee revenue.</p>

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<p>Recommendation #11: An internal audit plan should be developed relating to the Cannabis Program funds to help minimize potential operational issues. The plan should identify high-risk areas, develop auditing procedures to help minimize associated risks, and provide regular monitoring and reporting related to the Cannabis Program. Additionally, the County should consider expanding the internal audit function to provide enhanced County-wide internal audits to identify and address potential fiscal and operational issues.</p>	B	Before July 2023.	Cannabis Program Office and Auditor Controller.	Improves accountability of Cannabis Program revenues and expenditures	The Auditor-Controller’s Office has met with individual departments, the Program Office and the CAO’s Budget Division to review fiscal/accounting practices, the use of the “cannabis” reporting code, and ensure proper and consistent tracking of cannabis related revenues and expenditures.

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<p>Recommendation #12: A time study like what was conducted in the County Administrator’s Office related to the Cannabis Program should be completed to provide better identification of appropriate staff costs that should be charged to the program. The results of this review should be used as a baseline and reviewed annually during the budget process to ensure accurate cannabis tax program allocation.</p>	B	Before July 2023.	All departments and employees with permitting responsibilities.	Improves accountability of Cannabis Program budgets and expenditures and potentially increases the amount of cannabis tax revenue available for discretionary projects.	The Program did not complete in November and has scheduled a meeting with HCD and EHB management in January 2023. These updates will be reflected in the next quarterly update.
<p>Recommendation #13: The current process of determining the net amount of cannabis tax revenue reflected in the cannabis tax assignment account should be revised to deduct applicable cannabis-related direct revenues from the cost of the Cannabis Program, thereby allowing more of the cannabis tax revenue to be reflected in the cannabis tax assignment account.</p>	A	Before July 2022.	All departments and employees with fee-based responsibilities for cannabis operators that receive cannabis tax funding.	Improves accounting of fee- based direct revenues, improves accountability of Cannabis Program budgets and expenditures, and potentially increases the amount of cannabis tax revenue available for discretionary projects.	Due to a change in the calculation of the cannabis tax assignment account, this no longer applies.

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Recommendation #14: Modify reporting to the Administration and Board to provide a complete narrative on budget, revenue, and expenses; cannabis permit information; cannabis market information; and the enforcement of illicit grows.	A	Immediately upon acceptance of Final Report.	Cannabis Program Office and all departments with permitting responsibilities	Improves the information upon which the Administration and the Board base their policies, priorities, and strategies.	Continued monthly updates to the Board Cannabis Committee.
Recommendation #15: Establish and publish service-level commitments for cannabis permit and related precursor requirements and permits, such as building permits, environmental health permits, and land use permits.	B	By July 2023.	Cannabis Program Office and all departments with permitting responsibilities.	Sets performance expectations among staff and stakeholders.	Completed. See SMART Goals and Performance Measures on Page 8 of Attachment B.
Recommendation #16: Develop and report on performance measures for cannabis permit and related precursor requirements and permits, such as building permits, environmental health permits, and land use permits.	B	By July 2023.	Cannabis Program Office and all departments with permitting responsibilities.	Sets performance expectations among staff and stakeholders.	Completed. Monthly performance indicators are presented to the Cannabis Committee and full Board. These have been updated to include Other Cannabis Revenue and Resource Utilization. See Attachment B.

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Alternative Enhancements	Priority	Time Frame	Responsible Party/Parties	Benefit	Quarterly Updates
<u>Provisional Cannabis Business Permit (PCBP)</u>	A	Issue on or before August 1, 2022 with an evaluation to renew.	Cannabis Program and related County Departments including Fire Agencies who approve workflow.	Places a specific timeframe to complete all requirements for local compliance.	PCBP issuance was delayed based on the Board’s direction regarding tax delinquency and Program costs. SMART Goal #3 has been adjusted accordingly and updates will be reflected in the next quarterly update.
<u>FY 22-23 allocation for outside consultant permit processing.</u>	A	FY 22-23	Cannabis Program to monitor contingency amount of \$265,000.	Assists Housing and Community Development Department with workload.	See balance of Program Contingency that funds outside consultant permit processing on Page 3 of Attachment B.
<u>Performance Indicators related to land use permits, related state licenses and compliance inspections.</u>	A	FY 22-23 and on-going	Cannabis Program and related County Departments including Fire Agencies who approve workflow.	Through performance indicators provides transparency to outcomes of related goals.	See Attachment B.

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<u>SMART Goals and Service Levels</u>	A	FY 22-23 and on-going	Cannabis Program will develop and analyze outcomes for SMART Goals. Housing and Community Development will develop and analyze outcomes for SMART Goals and Service Levels.	Provides transparency to specific workload activities and outcomes.	See SMART Goals and Performance Measures on Page 8 of Attachment B.
<u>Land Use Permit and Cannabis Business Permit Application Meetings</u>	A	FY 22-23	Cannabis Program, County Departments and Fire Agencies who have workflow approving responsibilities.	Provides additional resources and support to the cannabis industry by reviewing unmet requirements or permit status.	Since August 2022, staff held 70 meetings with operators to discuss the status of their land use and cannabis business permits before issuing their provisional cannabis business permits.
Deferred Recommendations	Priority	Time Frame	Responsible Party/Parties	Benefit	

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<p><u>Recommendation #1:</u> Reorganize the cannabis permitting function in response to the discrete roles of the cannabis permit applicant, creating a Cannabis Program Office in the County Administrator’s Office and a Cannabis Permit Division in the Housing and Community Development Department.</p>	A	Before July 2022	County Administrator, Housing and Community Development Director, and Cannabis Program staff	Aligns the Cannabis Program to correspond with the discrete roles of the cannabis industry and the cannabis permit applicant, and to centralize responsibilities, increase accountability, reduce duplication, and smooth communications.	Per the ACAO, requested a meeting to be scheduled to discuss Recommendations Nos. 1 and 3. Meeting was rescheduled to February 1, 2023.
<p><u>Recommendation #3:</u> Reclassify the incumbent Management Analyst III to Cannabis Permit Manager and set the salary commensurate with comparable positions.</p>	A	Before July 2022	County Administrator and Human Resources Director	Aligns Cannabis Program and Cannabis Permitting staff with current responsibilities and recommended organizational structure	
<p><u>Recommendation #6:</u> Over the longer term, conduct inspections of cannabis permittees every other month, focusing on program compliance and revenue validation efforts.</p>	C	As circumstances dictate	Cannabis Program and Community Development Department	Improves ability to capture revenue on short-term crops	