



# Monterey County

## Board Report

Legistar File Number: 22-440

Item No.

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

May 17, 2022

**Introduced:** 5/10/2022

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

- a. Receive a report that provides staff input on Citygate & Associates, LLC's recommendations regarding the current Cannabis Program; and
- b. Direct staff to implement Citygate Recommendations # 2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16; and
- c. Direct staff to defer Citygate Recommendations # 1, 3, and 6 for reconsideration in January 2024 after large licensees obtain state annual licenses; and
- d. Direct staff to implement the five proposed alternative enhancements in Attachment E to improve upon cannabis-related permit processing; and
- e. Direct the Human Resources Department to conduct a base wage compensation study for the Program Manager II classification, and a classification study and base wage compensation study, if applicable, for the Management Analyst III classification, in accordance with the County Compensation Philosophy, no later than June 30, 2022; and
- f. Direct Cannabis Program staff to report outcomes of the adopted Citygate recommendations and alternative enhancements to the Board of Supervisors each quarter; and
- g. Provide further direction to staff as appropriate.

### RECOMMENDATIONS:

It is recommended that the Board of Supervisors:

- a. Receive a report that provides staff input on Citygate & Associates, LLC's recommendations regarding the current Cannabis Program; and
- b. Direct staff to implement Citygate Recommendations # 2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16; and
- c. Direct staff to defer Citygate Recommendations # 1, 3, and 6 for reconsideration in January 2024 after large licensees obtain state annual licenses; and
- d. Direct staff to implement the five alternative enhancements in Attachment E to improve upon the cannabis-related permit processing; and
- e. Direct the Human Resources Department to conduct a base wage compensation study for the Program Manager II classification, and a classification study and base wage compensation study, if applicable, for the Management Analyst III classification, in accordance with the County Compensation Philosophy. no later than June 30, 2022; and
- f. Direct Cannabis Program staff to report outcomes of the adopted Citygate recommendations and alternative enhancements to the Board of Supervisors each quarter; and
- g. Provide further direction to staff as appropriate.

### SUMMARY

On March 8, 2022, Citygate & Associates, LCC (Citygate) presented an overview and recommendations related to its *Organizational Study of the Current Cannabis Program* report to the Board of Supervisors (Board). After the presentation, the Board directed staff to seek input on the Citygate Recommendations from the Board's Cannabis Committee (Committee). The County Administrative Officer (CAO) also directed staff to:

1. Develop a detailed plan to resolve the backlog of Cannabis Business Permit (CBP) applications and issue CBPs as soon as possible while considering the following:
  - a. Staff will use sound, independent judgement to expedite the issuance of CBPs that have received appropriate land use approvals.
  - b. Departmental inputs, procedures, and timelines for the issuance of CBPs, which include firm service level commitments and accountability.
  - c. Options to resolve the backlog with or without stipulated agreements.
2. Report the plan, and staff's intent to immediately implement that plan, to the Committee on April 7, 2022.
3. Review the plan with the cannabis industry, preferably prior to the Committee meeting in April, and inform them of the plan's intended immediacy.
4. Inform the Committee of the development of a long-term plan to ensure that a similar backlog does not occur in the future.

Staff presented their input on Citygate's recommendations to the Committee on April 7, 2022. The Committee directed staff to present their input to the Board without modification.

#### DISCUSSION

Citygate entered into an agreement with the County Administrative Office to address Referral 2012.12 (Attachment A). The scope of Citygate's services included an organizational study of the current Cannabis Program (Program). Citygate completed its review and presented its findings and recommendations to the Board on March 8, 2022 (Attachment B).

At the Board meeting, two letters were received, and nine members of the cannabis industry provided public comment, including the Executive Director of the California Cannabis Authority and the Division Chief of the Monterey County Regional Fire District (MCRFD). Feedback of this input is summarized below:

- The Program is considered a leader by other local jurisdictions.
- The Program timely responds to the industry.
- The Program collaborates well with the industry and advocates on its behalf.
- The Program provides guidance on state and local regulations.
- The Program enables operators to continue operations while pursuing compliance.
- The cannabis industry and MCRFD are important stakeholders but were not contacted by Citygate for input.
- The proposed reorganization would create information silos and contribute to additional delays in permit processing, which comes at an inopportune time considering the sunset of state provisional licenses. (Attachment C)

- The proposed increase to the frequency of compliance inspections is unnecessary, particularly for operators who already have or are close to obtaining annual licenses.
  - The Housing and Community Development (HCD) and Health Departments are perceived as punitive towards the industry.

The Board directed staff to seek input from the Cannabis Committee on Citygate's recommendations. Additionally, the CAO directed the Program Manager II to work with the HCD Director to resolve the backlog of CBP applications by developing a plan, obtaining Board approval, and immediately implementing that plan. As a secondary priority, the CAO directed staff to create a long-term solution to prevent a similar backlog of cannabis-related permits in the future.

Critically, County departments cannot approve permits unless the applicant complies and provides the required documents and/or completes required actions. Examples include providing ownership information, completing work related to a construction permit, drilling a well, applying for and completing work required for a state permitted water system, completing driveway improvements, and/or installing fire suppression equipment. There are additional compounding factors outside of departmental control, such as staffing shortages, incomplete applications, and challenges with non-staff resources. Staff believes that these circumstances exist within any permitting function, however, and both plans provided with this report are subject to these variables.

To align with the CAO's expectations, Program staff have created SMART goals to measure performance, analyze service levels, and report on outcomes as related to the County's ability to standardize and control its role in the permit process (Attachment D). Although Citygate proposes Recommendations # 15 and 16, suggesting that the Program create service levels and SMART goals before July 2023, the Program and HCD believe measuring success should begin as soon as possible. Consequently, the Program and HCD have created proposed goals and service levels concurrent with this report.

To further these ends, staff has developed five alternative enhancements and aligned these enhancements with Citygate's Recommendations(Attachment E).

Finally, staff has concluded that Citygate's stipulated agreement recommendation is not workable as proposed because there are important state and federal regulatory requirements that cannot be deferred and because of concerns of setting a precedent for other types of permits. Consequently, staff and the County Counsel's office have worked diligently to achieve the same goals without these drawbacks via a proposed stand-alone Ordinance, which is being presented to the Board as a separate item concurrent with this report.

#### *Citygate Recommendations - HCD and Program Comments*

The Citygate report included an Action Plan that outlined sixteen recommendations (Attachment F). HCD and the Program have conferred on these recommendations, expressed their agreement or disagreement, and added comments where appropriate.

Citygate's Recommendation #2 is to reclassify the incumbent Program Manager II to Cannabis

Program Manager and set the salary commensurate with comparable classification, such as that of the Economic Development Manager with a completion date on or before June 30, 2022. The Human Resources Department will conduct a base wage study in accordance with the County Compensation Philosophy and make a salary recommendation. Citygate Recommendation #3 is to reclassify the incumbent Management Analyst III to Cannabis Permit Manager and set the salary commensurate with comparable positions. The Human Resources Department believes that further analysis is required to determine the appropriate classification for this position. The Human Resources Department will conduct a classification study and a base wage study if applicable.

Staff have reflected extensively on the discussion surrounding the organizational study conducted by Citygate and the Board and CAO's direction. The Program considers this an opportunity to continuously improve. It is therefore eager to reengage with other County departments, reach consensus, and provide alternative enhancements to permitting as set forth in this report's attachments. Staff believes these alternative enhancements will satisfy the Board's desire to have a fully licensed and permitted industry and establish Monterey County as a premier area in which to conduct commercial cannabis activities.

*CAO Direction - Long term solution to prevent future backlogs*

The Program created SMART goals to address future backlogs. Similarly, HCD will use its Recommended Budget Book Key Performance Measures to begin measuring and providing outcomes of progress and success to the Cannabis Committee on a regular basis.

The Program will work collaboratively with HCD to identify and create the following.

1. Clarify the permit process by using (and where necessary, creating) standard operating procedures, guidelines, and/or Fact Sheets available to the public.
2. Implement or expand on digital permitting systems.
  - a. Accela Automation has been updated with a digital permit system. The Program is currently working with TruePoint to automate and create a digital permit process for the Cannabis Business Permit.
3. Track progress of open permits through objective analysis.
  - a. The SMART goals and Key Performance Measures constitute the initial process by which staff will evaluate progress toward goals and share Program outcomes with the Committee, Board, and stakeholders.
4. Outsource during periods of high volume or resource shortages.
  - a. Currently, the cannabis land use permit and building permits are being outsourced to Rincon and CSG.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel, Human Resources Department, Department of Public Works, Facilities and Parks, Environmental Health Bureau, Monterey County Regional Fire District, and County Administrative Office were involved in the preparation of the report.

FINANCING:

Monterey County's Cannabis Program is funded in County Administrative Office - Department 1050,

Legistar File Number: 22-440

---

Intergovernmental and Legislative Affairs Division - Unit 8533, Cannabis. The proposed recommendations may incur additional expenses to the Program. Staff does not have information to determine what the cost impact would be at this time and staff will provide an update to the Board of Supervisors.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Monterey County Cannabis Program addresses each of the Strategic Initiative Policy Areas that promote the growth of a responsible and legal Monterey County cannabis industry.

Mark a check to the related Board of Supervisors Strategic Initiatives

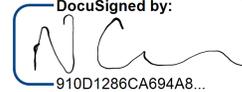
- X Economic Development
- X Administration
- X Health & Human Services
- X Infrastructure
- X Public Safety

Prepared by: Erik Lundquist, Director, Housing and Community Development

Joann Iwamoto, Program Manager II

Approved by: Nicholas E. Chiulos, Assistant CAO

Irma Ramirez-Bough, Human Resources Director

DocuSigned by:  
  
910D1286CA694A8...

5/11/2022 | 9:18 AM PDT

Attachments:

- A. Board of Supervisor Referral 2021.12
- B. Organizational Review of Current Cannabis Program
- C. DCC Key Dates for Provisional Licenses
- D. HCD and Cannabis Program Service Levels and SMART Goals
- E. HCD and Program Alternative Enhancements to Reduce CBP Backlog
- F. Citygate Action Plan with HCD and Program Comments