

# Monterey County Cannabis Program

## Intergovernmental CAO & Legislative Affairs

### Major Program Areas

- Cannabis Industry
- Cultivation
- Tax Revenue
- Land Use Permits
- Illegal Activity
- Cannabis Program Allocations

### Mission Statement

The **mission** of the Monterey County Cannabis Program is to provide a local framework for successful leadership and management of commercial cannabis through coordination and collaboration with multiple County departments, state agencies, and local governments to address taxation, regulation, policy, enforcement, education and protection of the health, environment, and safety of our communities.



# Monterey County Cannabis Program

## Key Program Performance Measures

	FY 2017-18	7/1/18 to 12/31-18	TBD	TBD	TBD
	Actual	Actual	Actual	Actual	Actual
1. Number of Cannabis Business Operators.	N/A	107			
2. Number of Cannabis Dispensaries.	N/A	3			
3. Number of active CDFA Cultivation licenses.	N/A	593			
4. Estimated Cannabis Tax Revenue including penalties collected.	\$14,615,823	\$5,044,570			
5. Percent of land use permits approved.	N/A	16%			
6. Percent of land use permits with unmet water systems.	N/A	58%			
7. Number of CDFA Enforcement inspections completed by the Agricultural Commissioner's Office.	11	100			
8. Number of pounds of illegal cannabis destructed.	N/A	45,280			
9. Number of County staff allocated to the Cannabis Program. *	3.98	19.48			
10. Percent of County staff hours allocated to Cannabis Program work. *	N/A	9,896			

# Monterey County Cannabis Program

## Story Behind the Performance

### Cannabis Business Operators and Dispensaries

The current number of Cannabis business operators remains relatively static. However, during November and December 2018, there was an increase in new business entities or business ownership changes. Some business operators created new business entities to separate cultivation operations from distribution activities, as an example.

There are three operational dispensaries with an additional three in the permit process.

### California Department of Food and Agriculture (CDFA)

Monterey County has 593 active CDFA temporary cultivation type licenses with approximately 107 business operators. Each business operator is in the process of applying for and gaining approval of their respective State Annual License. CDFA has not issued an Annual License in Monterey County yet. The Agricultural Commissioner's Office has an Agreement with CDFA to conduct enforcement inspections on their behalf. The information obtained through these CDFA inspections are important to the overall compliance inspection process.

### Cannabis Tax Revenue

The Monterey County Cannabis Program is in its early stages of development. The FY 2017-18 cannabis tax revenue including fines and penalties was \$14,615,823. For the period of July 1 – December 31, 2018, estimated cannabis tax revenue including fines and penalties was \$5,044,570 which does not include the FY 2017-18 2<sup>nd</sup> Quarter tax receipts. The Cannabis industry has a few significant hurdles to cross in calendar year 2019; one being the completion of CEQA; the second being water system requirements. The Cannabis tax revenue does not have enough historical data to estimate projections for this fiscal year. There are factors that could significantly alter the tax revenue outcome.

### Land Use

The Cannabis land use permit process changed from a Conditional Use Permit or Coastal Development Permit to an Administrative Permit or Coastal Administrative Permit. Of the 84 cannabis land use permits that made formal applications, 14 have been approved and 70 are in various states of the approval process. 58% have unmet water systems. The Cannabis Industry is addressing the CEQA requirement as a collective group. The projected timeline to complete the environmental study is approximately 9 months or early fall 2019. Once the landowner receives the cannabis entitlement each cannabis operator must apply for and gain approval of a Cannabis Business Permit. The business operator is then required to apply for and gain approval of the Annual Business License from the Treasurer Tax Collector's Office. There is significant work ahead in calendar year 2019 for Monterey County Staff, the Cannabis Industry, and our external agency partners.

The permit and licensing process can be complex and the ability to collaborate and work as a "team" is essential and critical to the overall success of the Cannabis Program.

# Monterey County Cannabis Program

## Story Behind the Performance

### Enforcement and Compliance

The Cannabis Program Enforcement Task Force continues to build on its strategy of two separate teams: Enforcement and Compliance. In this reporting period, there were 9 search warrant services that collected and destroyed approximately 45,280 pounds of illegal cannabis.

The Cannabis Compliance Team is not fully staffed but has begun to create protocols and procedures and checklists to standardize the process. Accela Automation will be used as its single source database to track inspection results. The Cannabis Program will report on compliance activities and outcomes in the spring 2019.

### Monterey Cannabis Program Staff

The Board of Supervisors approved 11.48 staff allocations at varying levels of full-time equivalence (FTE); a few are .66 while most are 100% dedicated to Cannabis work. Beginning in July 2018, the Cannabis Program, together with the Auditor-Controller, developed a tracking system within CGI Advantage to track staff hours of allocated Cannabis staff as well as any staff member who worked on Cannabis activities. In October 2018, the Board of Supervisors approved an additional 8 allocated employees dedicate 100% to Cannabis work activities. The total Cannabis Program staff allocation is 19.48 FTEs.

Based on 2,080 hours in a fiscal year, for this reporting period, we have analyzed 11.48 Cannabis staff including 170.52 other County staff who work on Cannabis activities but are not included in the 11.48 FTEs.

The following identify, by department, by Cannabis allocated hours, by actual hours logged for Cannabis work activities.

Department	Dedicated Allocated Hours for 7/1 – 12/31/2018	Hours Logged
Agricultural Commissioner	1,560	1,216
Assessor Clerk Recorder	0	88
Auditor-Controller	520	21
CAO	1,040	1,040
County Counsel	1,040	332
District Attorney	1,040	1,628
Health Department	1,560	1,293
Resource Management Agency	1,040	1,165
Sheriff's Office	2,080	1,467
Treasurer Tax Collector	1,019	1,679

# Monterey County Cannabis Program

## Story Behind the Performance

### Monterey Cannabis Program Staff (cont.)

The Board of Supervisors allocated staff to support the Cannabis Program as a collaborative program team. The outcomes for the period of July 1 – December 31, 2018 are the initial step in analyzing how County staff are working through Cannabis activity tasks. Consideration needs to be given to peak times, in any given fiscal year, where staff may have hours worked. Historical data offers a better method to analyze and estimate trends; the Cannabis Program completed its first year in 2018.

\*The graph represents the data identified in the table above. The green line represents allocated hours; the blue line represents hours worked.

