



Monterey County

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

Board Report

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Adopt a resolution amending Article I.E (Health Department), Article IX (Resource Management Agency - Planning), and Article XVII (Office of the County Counsel), and adding Article XXI (County Administrative Office - Cannabis Program) (Attachment A) to the Monterey County Master Fee Resolution to internally reallocate fees received associated with processing Commercial Cannabis Permits; and provide direction as appropriate.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- 1) Adopt a resolution amending Article I.E (Health Department), Article IX (Resource Management Agency - Planning), and Article XVII (Office of the County Counsel), and adding Article XXI (County Administrative Office - Cannabis Program) (Attachment A) to the Monterey County Master Fee Resolution to internally reallocate fees received associated with processing Commercial Cannabis Permits; and
- 2) Provide direction to staff as appropriate.

SUMMARY/DISCUSSION:

On July 19, 2016, the Board of Supervisors adopted Chapter 7.90 to the Monterey County Code. Chapter 7.90 requires commercial cannabis operations to obtain an annual permit to conduct commercial cannabis activities, including cultivation, manufacturing, distribution, testing, transportation, and dispensaries in accordance with state and County law. On September 27, 2016, the Board of Supervisors established new fees for the Commercial Cannabis Permit (Resolution No. 16-250, Attachment B). The Commercial Cannabis Permit process was managed by the Resource Management Agency (RMA) and transferred to the Cannabis Program (Program) in April 2019. Since that time, the Program has made continuous improvement efforts to outline process steps, revise and enhance the application and packet, conduct training to County staff, and draft procedures for the reconciliation of the deposit. The proposed action would not increase the fee deposit, but instead internally reallocate the deposit currently designated to the Health Department - Environmental Health Bureau (EHB), RMA, and Office of the County Counsel.

The Program was not included when the fees were adopted in 2016, and the Program spends significant time conducting the "Completeness Review" of the application and required documents. Specifically, the Program is responsible to review the following:

- 1) Applicant Name, Address, E-Mail
- 2) 24-Hour Contact and Community Relations Contact

- 3) Premise Address Location and Assessor Parcel Number
- 4) Proof of Ownership
- 5) To Scale Site Plan
- 6) Business Entity Information
- 7) Property Owner(s) and Business Owner(s) Personal Information
- 8) Permit Types and Proof
- 9) Description of Cannabis Operations
- 10) Full Description of Proposed Activities
- 11) Description of State Licenses
- 12) Business Standard Operating Procedures
- 13) Proposed Hours of Operation
- 14) Waste Disposal Plan
- 15) Seller's Permit
- 16) Applicant Compliance Statement and Signature
- 17) Authorization of Verification and Signature
- 18) Certification Under Penalty of Perjury and Signature
- 19) Verification of Monterey County Sheriff Office Live Scan Results

The nineteen items, as stated above, contain important information about the cannabis operator and is critical to continue our goal of sustaining a legal and responsible industry.

The Commercial Cannabis Permit fee is considered a deposit. The applicant pays the deposit at the time they submit the application for an initial or renewal Commercial Cannabis Permit. Before the permit is issued, the deposit was supposed to be reconciled against the staff time and related costs to process the permit. If the amounts were less than the deposit, the applicant would be issued a credit. If the amount was greater than the deposit, the applicant would have been issued a final invoice prior to the issuance of the permit. During this fiscal year, the Program will review override codes to track staff work hours and analyze the average number of hours, by department, used to review the application and required documents. The Program will standardize the process to ensure the reconciliation of the deposit, a refund, or final invoice and payment thereof is completed prior to the issuance of the permit.

Based on initial analysis, the Program believes the fee deposit amount for the initial and renewal of the Commercial Cannabis Permit is insufficient to cover the time it takes to review the application and required documents. A site inspection is required by the Cannabis Compliance Inspection team and the site visit cost will be reconciled with the deposit of an initial or renewal application. Staff will provide an update after they have collected enough data for analysis and provide an update to the Board of Supervisors.

OTHER AGENCY INVOLVEMENT:

Development of the Commercial Cannabis Permit has been a collaboration between the Cannabis Program, RMA, EHB, Office of the County Counsel, and the Sheriff's Office.

FINANCING:

This amendment is not requesting a fee (deposit) increase, but a reallocation of the deposit and the

addition of the CAO-Cannabis Program to the Master Fee Schedule which is processing new and renewal permit applications.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Cannabis Business Permit and its internal processes enhance the ability for the Cannabis Program to meet the Board of Supervisors expectations, the Cannabis Program Strategic Plan and Goals while supporting our Cannabis industry in sustaining legal and responsible operators.

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: Joann Iwamoto, Cannabis Program Manager, x 3017

Approved by: Nicholas E. Chiulos, Assistant CAO, x 5145

Nicholas E. Chiulos, Assistant County Administrative Officer

Date

Attachments are on file with the Clerk of the Board

Attachments:

- A: Draft Resolution of the Monterey County Board of Supervisors Amending Articles IX, XVII, I.E and adding Article XXI of the Monterey County Fee Resolution to reallocate fees for the Cannabis Business Permit
- B: Resolution No. 16-250