



COUNTY OF MONTEREY

County Administrative Office

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November 2, 2023

To: Board of Supervisors Cannabis Committee
Fr: Joann Iwamoto
cc: Nicholas E. Chiulos
Re: Cannabis Program performance indicators, SMART goals, legislative updates, and active grants.

CANNABIS PROGRAM BUDGET AND GRANTS

A. Balance of Cannabis Program Contingency

This allocation, originally approved in FY 19-20, was intended for additional Sheriff’s Office overtime and aerial surveillance. The Board later approved a broader usage, including enforcement tools and contracting with outside consultants to expedite permit processing. The table below reflects the Fiscal Year (FY) 23-24 allocation, which has been utilized for indirect costs in the County Administrative Office as these were not otherwise funded.

Type	Allocation	Remaining Balance
Cannabis Program Contingency	\$75,000.00	
Cannabis Program indirect costs	-\$63,970.00	\$11,030.00

B. Grant Activity and Other

Local Jurisdiction Assistance Grant (LJAG)

Staff have processed an additional \$130k in TRA-2 payments on behalf of 6 land use permits.

CANNABIS PERMIT INFORMATION

A. Cannabis Land Use Permits

There are 77 applications, where 63 have been approved and have a status of either Condition Compliance or Cleared. The table below shows the number of Cannabis Land Use Permits approved by fiscal year. There have been two additional approvals since the prior Cannabis Committee meeting.

Fiscal Year	# Approved
FY 17-18	1
FY 18-19	3
FY 19-20	8
FY 20-21	8
FY 21-22	22
FY 22-23	18
FY 23-24	3
Total	63

The remaining 14 applications are pending approval and 1 application has been Set for Hearing. Of the remaining 13 applications:

- 4 are associated with non-Type 5 equivalent operations.
- 4 are associated with suspended operations.
- 5 are not yet associated with an operation.

B. Cannabis Business Permits

Currently there are 78 applications. 65 applicants are currently operating and 13 are inactive. The table below shows the number of initial Cannabis Business Permits issued by fiscal year. There has been one additional issuance since the previous Cannabis Committee meeting.

Fiscal Year	# Issued
FY 17-18	3
FY 18-19	5
FY 19-20	2
FY 20-21	5
FY 22-23	22
FY 23-24	3
Total	40

C. Cessation of Business

A Cessation of Business form is submitted to the Program and Treasurer-Tax Collector’s Office (TTC) when a business shuts down. Often, the business does not submit the Cessation of Business form and the Program conducts a final inspection and provides the “Inspection Fact Sheet” to the TTC. There have been two additional closures since the prior Committee meeting.

Fiscal Year	#
FY 19-20	4
FY 20-21	7
FY 21-22	8
FY 22-23	34
FY 23-24	3
Total	56

Reason for Closure	#
Acquisition	3
Change of Business Plan	2
Eviction	14
Insolvency	36
License Expired	1
Total	56

CANNABIS MARKET INFORMATION

A. FY 23-24 Cannabis Cultivation Figures

Below is a summary of cultivation canopy and the projected tax revenue, which is based on the square footage that is registered at the time of writing and is inclusive of any modifications that have occurred to date. These figures assume that square footage will remain constant throughout the remainder of FY 23-24, meaning no modifications and/or additional business closures.

Following the [interpretation approved by the Planning Commission in June 2023](#), two operators have converted their Department of Cannabis Control licenses from Mixed-Light Tier-1 to Outdoor. Staff have updated the cultivation canopy and projected cultivation tax revenue accordingly.

Cultivation Type	Square Footage	Acreage	Projected Cultivation Tax Revenue
Mixed Light	1,754,430	40	\$2,561,467
Indoor	57,561	1	\$122,606
Nursery	1,139,389	26	\$808,966
Outdoor	91,303	2	\$64,825
	3,042,683	70	\$3,557,865

Below is a summary of approved canopy modifications by fiscal year. Since the prior Committee meeting, there have been 2 Decreases and 1 Increase.

Fiscal Year	Decrease	Increase
FY 19-20	7	11
FY 20-21	2	22
FY 21-22	14	15
FY 22-23	19	17
FY 23-24	2	4

B. Monthly Wholesale Flower Pricing by Cultivation Type (\$/lb.)

On October 5, 2023, the industry received the following Cannabis Program Manager memorandum:

“As a result of reductions to the Fiscal Year 23-24 budget, the County of Monterey no longer has a membership with the California Cannabis Authority. As such, you are no longer required to submit a monthly CSV file directly to the Program.”

There are no additional updates on the implementation of a database to track and report on this information.

ENFORCEMENT AGAINST UNLICENSED CANNABIS ACTIVITY

The County of Monterey Marijuana Eradication Team provides the Program with information to update the Cannabis Committee on outcomes of search warrant and abatement activities. Figures have been updated to reflect activity through September.

Type	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023
Cannabis Plants	31,938	32,888	18,602	97,703	1,220
Cannabis Processed (lbs.)	3,981	5,476	1,716	38,430	372
Gross Weight Abated (tons)	18.0	19.2	10.2	68.1	2.0
Firearms	13	105	97	24	1
Currency	\$100,815	\$28,146	\$104,700	\$5,500	\$0
Explosive Material (lbs)	0	0	0	25	0
Meth (lbs)	0	0	0	1	0
Cocaine (lbs)	0	0	0	0	0.03
Clandestine Lab	0	2	5	0	0
Wholesale Market Value	\$35,919,000	\$38,364,000	\$20,303,000	\$68,066,500	\$796,225

SMART GOALS AND PERFORMANCE MEASURES

Updates for Q1 of FY 23-24 are reflected below.

Cannabis Program

SMART Goal #1: Issuing a Cannabis Business Permit (CBP)

The Cannabis Program will issue a CBP within 3 business days of the Operator submitting a complete CBP Initial Application and satisfying departmental requirements, in addition to the Property Owner receiving a fully cleared Land Use Entitlement.

Service level: 100%

Fiscal Year	FY 22-23, Q2	FY 22-23, Q3	FY 22-23, Q4	FY 23-24, Q1
Service Level	100%	100%	100%	100%

SMART Goal #2: Renewing a CBP

The Cannabis Program will renew CBPs within 3 business days of the Operator submitting a complete CBP Renewal Application and satisfying departmental requirements.

Service level: 100%

Fiscal Year	FY 22-23, Q2	FY 22-23, Q3	FY 22-23, Q4	FY 23-24, Q1
Service Level	100%	100%	100%	100%

SMART Goal #3: Providing local authorization using the Provisional Cannabis Business Permit (PCBP)

No later than August 1, 2022, up to 100 Operators who have not obtained a CBP will be issued a Provisional CBP under Good Standing criteria expiring one year from its issuance date.

Service level: 100%

Fiscal Year	FY 22-23, Q2	FY 22-23, Q3	FY 22-23, Q4	FY 23-24, Q1
Service Level	100%	100%	100%	100%

SMART Goal #4: Providing renewal of the Provisional Cannabis Business Permit (PCBP)

The Cannabis Management Team will review outstanding requirements related to the Land Use Entitlement and the Cannabis Business Permit. Only those that have completed critical requirements and/or made significant progress to complete will be issued a one-time renewal of the PCBP expiring January 1, 2024 for Class A Provisional Cannabis Permittees and January 1, 2026 for Class B Provisional Cannabis Permittees.

Service level: TBD

Fiscal Year	FY 22-23, Q2	FY 22-23, Q3	FY 22-23, Q4	FY 23-24, Q1
Service Level	N/A*	N/A*	N/A*	N/A*

*There will be updates to this section in Q2 of FY 23-24 after PCBPs are renewed in late November 2023.