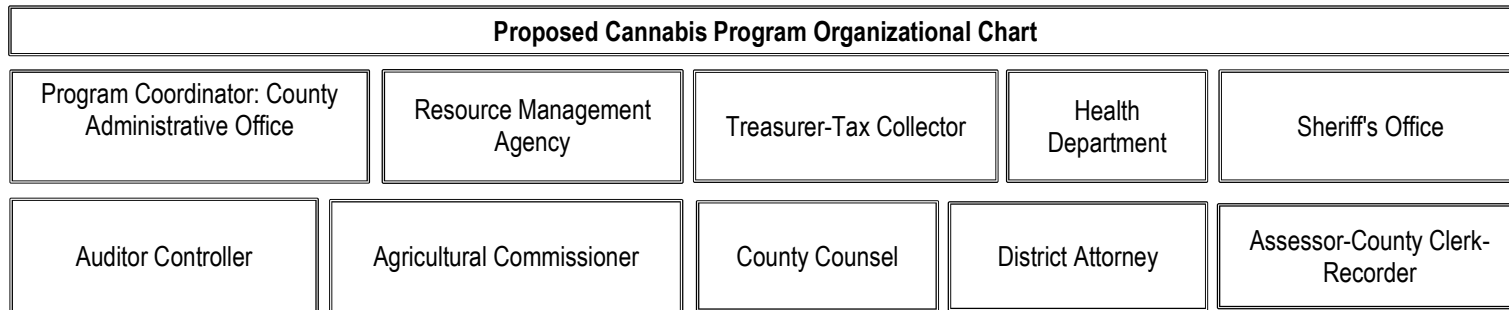


Attachment 1

FY 2017-18 Cannabis Program

Introduction

The information below was collected from departments which are implementing Monterey County's commercial cannabis regulatory framework and includes information on cannabis tax revenues provided by the Treasurer-Tax Collector. Expenditures presented below are estimates which take into consideration departmental activity on commercial cannabis to date.



Description

Measure Y, approved by voters on November 8, 2016 added an ordinance to the Monterey County Code to impose a tax on commercial marijuana businesses in the unincorporated area of Monterey County only (not cities) up to a maximum of: \$25 per square foot on cultivation with an annual adjustment by Consumer Price Index (CPI) thereafter; up to \$5 per square foot on nurseries with annual CPI adjustment thereafter; and up to 10% of gross receipts on other marijuana business activities with no CPI. The tax applies to commercial medical cannabis businesses, and if legalized in Monterey County, to nonmedical cannabis or marijuana businesses. Funds are to be used to for general governmental purposes, including funding the County's regulatory framework. The regulatory framework for the County's cannabis program involves permitting for all cannabis activities in the County, a business license for all commercial cannabis business, and an enforcement program.

Overall program coordination is provided by the County Administrative Office - Intergovernmental and Legislative Affairs Division. A number of operating departments are involved in various aspects of program implementation, including the Resource Management Agency, Treasurer-Tax Collector, Sheriff's Office, Environmental Health Bureau, District Attorney, County Counsel, Agricultural Commissioner, Assessor-County Clerk-Recorder, and Auditor-Controller. Initial funding of program staff is limited until the actual extent of revenue is more fully identified. Listed below are the positions currently funded by cannabis revenues, positions currently working on cannabis issues but not funded by these revenues, and potential new positions to be funded with cannabis revenues.

Informational FY 2017-18 Cannabis Program Budget

Use of Funds		Fiscal Year 2017-18					Expenditures Not Reimbursed by Cannabis Revenue*	Potential Departmental Resource Needs**
		Budgeted Cannabis Expenditures						
		July-September	October-December	January-March	April-June	Total Expenditures		
Expenditures	FTEs							
AC - Internal Auditor II	1.0	0	0	0	0	0	0	(95,468.00)
AC - Internal Auditor III	1.0	0	0	0	0	0	0	(116,024.00)
ACCR - Real Property Appraiser II	0.5	0	0	0	0	0	(93,570.00)	0
AGC - Various Staff	0.3	0	0	0	0	0	(41,903.00)	0
CAO - Asst County Admin Officer	0.1	0	0	0	0	0	(26,191.20)	0
CAO - Mgmt Analyst III - Coordination	1.0	(40,522.75)	(40,522.75)	(40,522.75)	(40,522.75)	(162,091.00)	0	0
County Counsel - Various Staff	0.7	0	0	0	0	0	(134,442.70)	0
DA - Various Staff	0.5	0	0	0	0	0	(130,265.00)	0
HLTH - 2x Environmental Health Specialist II	2.0	0	0	0	0	0	0	(170,916.00)
HLTH - Environmental Health Supervisor IV	1.0	0	0	0	0	0	0	(84,556.00)
HLTH - Environmental Health Specialist III	1.0	0	0	0	0	0	0	(89,588.00)
HLTH - Office Assistant II	1.0	0	0	0	0	0	0	(35,646.00)
HLTH - Various Staff	1.6	0	0	0	0	0	(283,680.50)	0
RMA - Code Compliance Inspector II	1.0	(29,180.75)	(29,180.75)	(29,180.75)	(29,180.75)	(116,723.00)	0	0
RMA - Various Staff	3.8	0	0	0	0	0	(530,271.16)	0
SHO - 6x Patrol Deputies	6.0	0	0	0	0	0	0	(694,938.00)
SHO - Patrol Sergeant	1.0	0	0	0	0	0	0	(165,254.00)
SHO - Various Staff	0.25	0	0	0	0	0	(56,990.40)	0
TTC - Management Analyst III	1.0	0	0	0	0	0	(146,713.00)	0
TTC - Accountant III	1.0	0	0	0	0	0	(137,225.00)	0
TTC - Accounting Technician	1.0	(24,528.75)	(24,528.75)	(24,528.75)	(24,528.75)	(98,115.00)	0	0
TTC - Various Staff	1.5	0	0	0	0	0	(178,868.00)	0
TTC - Equipment, Services and Supplies	-	0	0	0	0	0	(42,364.00)	0
Subtotal	28.25	\$ (94,232.25)	\$ (94,232.25)	\$ (94,232.25)	\$ (94,232.25)	(376,929.00)	(1,802,483.96)	(1,452,390.00)

Source of Funds		Fiscal Year 2017-18					Expenditures Not Reimbursed by Cannabis Revenue*	Potential Departmental Resource Needs**
		July-September	October-December	January-March	April-June	Total		
Revenues								
Cannabis Tax - Measure Y†	Subtotal	1,859,549.94	1,859,549.94	1,859,549.94	1,859,549.94	7,438,199.76	(1,802,483.96)	(1,452,390.00)
Fund Balance (Running total)		\$ 1,765,317.69	\$ 3,530,635.38	\$ 5,295,953.07	\$ 7,061,270.76	\$ 7,061,270.76	\$ 5,258,786.80	\$ 3,806,396.80

* Expenditures for staff and equipment currently dedicated to commercial cannabis issues, not funded by cannabis revenues. Departments are absorbing these costs for Cannabis Program implementation.

** Funds requested by departments for staff position needs for commercial cannabis work.

[†] Note: Estimate based on Q4 actuals, April-June 2017, as of 8/4/17. Actuals may vary significantly from estimate. Improved estimates pending availability of additional revenue data. Fees and penalties not included.

Note: Staff costs only include salary and benefits and are not fully loaded. Some staff costs are estimated using most recent data available.