



Legislation Details (With Board Report)

File #: 20-153 **Name:** 2020_03_10_Cannabis Program Bi-Annual Performance Indicator Report

Type: General Agenda Item **Status:** Passed - County Administrative Office

File created: 2/27/2020 **In control:** Board of Supervisors

On agenda: 3/10/2020 **Final action:** 3/10/2020

Title: Receive and approve the bi-annual Cannabis Program performance indicators, which include information on staffing allocations, resource utilization, issuance of County permits/licenses, and tax revenue. (ADDED VIA ADDENDA)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Board Report, 2. Attachment A, 3. Item No. 18.3 Completed Board Order

Date	Ver.	Action By	Action	Result
3/10/2020	1	Board of Supervisors	approved - county administrative office	Pass

Receive and approve the bi-annual Cannabis Program performance indicators, which include information on staffing allocations, resource utilization, issuance of County permits/licenses, and tax revenue. (ADDED VIA ADDENDA)

RECOMMENDATIONS:

It is recommended that the Board of Supervisors:

- a. Receive and approve the bi-annual Cannabis Program performance indicators, which include information on staffing allocations, resource utilization, issuance of County permits/licenses, and tax revenue; and
- b. Provide direction to staff as appropriate.

SUMMARY/DISCUSSION:

On February 26, 2020, the Cannabis Program (Program) presented the set of performance indicators to the Board of Supervisors Budget Committee. The Committee accepted the report. The indicators monitor and analyze cannabis allocations, land use permits, cannabis business permits, cultivation square footage, cannabis tax revenue by business type, cannabis assignment, and resource utilization. The report collects monthly and/or quarterly data from various sources and provides a monthly report to the Board of Supervisors Cannabis Standing Committee on many of the indicators listed above.

Included in this report are the following:

- Cannabis Program Allocations (*Exhibit A*)

- Cannabis allocations are represented by department by resource, non-resource, and non-cannabis resource.
- Year Over Year (YOY) Cannabis Cultivation Revenue & Square Footage Overviews (*Exhibit B*)
 - Cultivation and nursery square footage is declared by operators on registration forms that are collected in June of the preceding fiscal year. These collective amounts must fall below the maximum square footage allowed by state licensure. Measurements are taken during compliance inspections to ensure that these limits are not exceeded. Cannabis tax revenue for cultivation is billed annually and collected quarterly, however canopy limits may be amended one time during the year. Because of this fluctuation, cultivation tax revenues are reported as projected figures.
- Projected Cannabis Assignment Summary (*Exhibit C*)
 - The projected cannabis assignment balance represents the balance of unallocated tax dollars from the prior fiscal year, plus the projected cultivation tax revenue, less Program expenditures, and less non-recurring expenditures of the cannabis assignment.
 - Projected revenue is based on square footage as declared on registration forms, which may be amended as frequently as a monthly basis.
 - Some items are currently under reconciliation with program finance managers.
- YOY Cannabis Tax Overview (*Exhibit D*)
 - Cannabis tax revenues were not separated by commercial cannabis activity until midway through until FY 2019-20, Quarter 2, when the Auditor-Controller approved the addition of department revenue source code to separate tax revenue by business type. This will allow the County to better understand the sources of cannabis tax revenue and provide a mechanism for projecting for commercial cannabis activities other than cultivation. Amounts reported represent weighted estimates.
- Cannabis Assignment Expenditures (*Exhibit E*)
 - Cannabis assignment expenditures represents one-time releases from the cannabis assignment balance which have been outlined by usage and department. In the current fiscal year, an additional \$2,791,136 was approved for release from the assignment balance.
- Cannabis Resource Utilization (*Exhibit F*)
 - Resource utilization is calculated using hours available/hours used. To date, the Board of Supervisors approved 23.98 positions across 9 departments to be used for cannabis related work. Because positions were allocated for the entire fiscal year, utilization figures are understated relative to the start dates of each position.
 - Cannabis Program
 - Adjusting for hire dates, available hours are overstated by 1,568 and actual utilization is 102%
 - Permit Technician II hired 8/20/2019
 - Management Analyst II hired 9/16/2019
 - Senior Secretary hired 12/9/2019
 - RMA
 - Adjusting for hire dates, available hours are overstated by 840 and actual utilization is 73%
 - Code Compliance Inspector II hired 11/23/2019

Attached are the outcome results for the period of July - December 2019. (Attachment A)

FINANCING:

Monterey County departments involved in the Cannabis Program have provided performance indicator data.

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 including industrial hemp.

Related Board of Supervisors Strategic Initiatives include:

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

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Attachment A: Cannabis Program Performance Indicators, Period of July - December 2019