

- c. Authorize and direct the Auditor-Controller to amend the FY 2021-22 Adopted Budget for the Office of County Counsel (001-COU001) to increase appropriations by \$11,019.02, financed by Restricted Fund Balance Public Protection-Project Deposits Land Use (001-3041-PROJ-Cannabis) (4/5 vote required).

SUMMARY/DISCUSSION:

On or around April 2019, oversight of the Cannabis Business Permit (“CNB”) process was transferred from the Resource Management Agency (“RMA”)-now known as Housing and Community Development Department (“HCD”)-to the Cannabis Program, which is housed in the County Administrative Office. This process included the reconciliation of deposit fees and issuance of the CNB.

Before standard fees were adopted by the Board of Supervisors in May of 2021, when submitting a CNB initial or renewal application a deposit amount was due and payable upon submission. A deposit of \$4,474 was required for an initial application, or \$1,028 for a renewal application. When the CNB is ready to issue, a process is conducted to review the staff hours associated with the following departments:

- Cannabis Program (“Program”)
- Office of the County Counsel (“Counsel”)
- Health Department, Environmental Health Bureau (“EHB”)
- HCD; Building Services and Planning

If an amount is due the applicant is invoiced, which must be paid prior to issuance of the CNB. If a refund is due, the Program submits a request to HCD for a refund.

Monterey County Code Chapter 7.90 was amended and approved by the Board of Supervisors on December 6, 2019 to amend the Appropriate Authority from the RMA Director to the Cannabis Program Manager. During the transition, the Program discovered that none of the CNB permits issued in the past had been reconciled.

At the close of fiscal year 2019-2020, the Auditor-Controller’s Office required RMA to transfer the Balance Sheet Account (“BSA”) where the CNB deposits were held (019-2611-CCBP) to a Restricted Fund Balance account. The amount transferred was \$69,570.56 and the revenue was recognized by HCD. This amount included all CNB deposits collected as of June 30, 2019.

As the Program is cleaning up reconciliations, staff is requesting the entirety of CNB deposits in the Restricted Fund Balance be transferred to the appropriate departments. Once the transfer is received by the Program, staff will coordinate with the these departments to reconcile all remaining CNB applications that are associated with a deposit.

OTHER AGENCY INVOLVEMENT:

The Cannabis Program worked with the Auditor-Controller’s Office, CAO Finance, and the Housing and Community Development Department to identify cannabis deposit data.

FINANCING:

Approval of this report would result in increases to appropriations in the total amount of \$69,570.56 to the following FY 2021-22 budgets:

- CAO Cannabis Program (001-CAO004) in the amount of \$52,054.50.
- Health Department - Environmental Health Bureau (001-HEA005) in the amount of \$6,497.04.
- Office of County Counsel (001-COU001) in the amount of \$11,019.02.

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.

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

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Approved by: Nicholas E. Chiulos, Assistant County Administrative Officer

Attachments:

A. Resolution