



County of Monterey

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

Board Report

File #: PAR 21-004, **Version:** 1

Receive a preliminary analysis report in response to Board Referral No. 2021.12 seeking Review of Cannabis Program Organizational Structure.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a preliminary analysis report in response to Board Referral No. 2021.12 and direct that staff either:
 - 1) Proceed with completion of referral as outlined in preliminary report; or,
 - 2) Remove from consent and:
 - i. Proceed with completion of referral based on modifications by the Board; or
 - ii. Return to Board with a more comprehensive analysis of referral and anticipated effort for completion; or
 - iii. Rescind referral
- b. Provide further direction, as appropriate.

PRELIMINARY ANALYSIS:

Referral Summary & Background: Referral # 2021.12 was issued by the Board of Supervisors on July 13, 2021. The referral seeks a review of Cannabis Program organizational structure and operations related to land use and building permit processing as well as compliance inspections. The referral also points out that staff in the Agricultural Commissioner, Health Department and Housing/Community Development Department which are 100% funded by cannabis tax revenue are not under the direct supervisory control of the cannabis program manager. The referral directs a review/recommendation regarding placing these staff under the direction of the cannabis program manager for an interim period of one year in order to facilitate a more coordinated and efficient permitting and inspection process.

Proposed Project Description: The following portion of this report describes the staff's intended approach to responding to this referral, unless directed otherwise by the Board of Supervisors. Staff will conduct a review of the cannabis permit and inspection processes which involve the Agricultural Commissioner, Health Department and Housing and Community Development Departments; identify those challenges to permit issuance which are within and those which are beyond the control of the Cannabis Program; identify any coordination issues related to operations of the various departments involved in permitting and compliance inspection processes; retain consultant to conduct an organizational study of the Cannabis Program and to make recommendations to improve program performance, including review and recommendations on potential interim and/or long term changes to staff reporting relationships.

Regarding the land use permit process, it should be pointed out that at the present time, HCD is under contract with Rincon consultants until December 2021 to assist with processing cannabis land use permits. Presently,

Rincon and HCD have split the permit processing workload approximately 50/50. The “not to exceed” \$150,000, Rincon contract was approved by the Board on April 27, 2021. The new HCD Director is working diligently with staff and Rincon to clear the backlog of permit applications where possible.

Regarding inspections, the Cannabis Program, HCD and the Health Department have agreed to a pilot program through December 2021 to restructure the inspection process on an interim basis without changing reporting relationships in an attempt to address challenges associated with the inspection and reporting process. The Agricultural Commissioner has declined to participate in the inspection pilot program and has indicated that his position has independent responsibilities and authorities which flow from State law as described in the attached memo dated August 18, 2021. The Agricultural Commissioner has also indicated that the State provides funding to Agricultural Commissioners for cannabis inspections. The pilot program will be evaluated to determine efficiencies. Details of the pilot program are being finalized as of this writing.

Regarding the organizational study, staff is working with a consultant to finalize scope, cost and timeline. This effort will involve analyzing and making recommendations on efficient organizational structure (formal and informal) and staff reporting relationships, expectations for positions 100% funded by cannabis tax revenue, efficient and effective program staffing levels, business processes to prevent future backlogs, best practice performance standards and job classification, specifications and compensation for staff in the Cannabis Program Office. Staff will report further on the consultant effort as part of the proposed October 2021 update to the Board.

Estimated Project Cost: Costs are unknown at this time but will include staff time and consultant costs; staff will report back on projected/potential costs in October 2021.

Staffing Level Estimate: Completion of this referral will involve work by and with the Asst CAO-IGLA, Health Director and Environmental Health Bureau staff, HCD Director and staff, HR Director and staff and the Cannabis Program manager. The level of involvement of the Agricultural Commissioner in the inspection portion of this referral is unclear at this time; please refer to attached memo from Henry Gonzales, Agricultural Commissioner.

Departmental Challenges: The press of other critical County business could impact work on this referral. Also, the level of participation of the Agricultural Commissioner, one of the departments named in the referral, is unclear at this time.

Proposed Response Date: Staff proposes a progress report be given to the Board in October 2021.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommended action addresses all of the Board of Supervisors Strategic Initiatives by addressing the challenges facing the Cannabis Program.

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure

Public Safety

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Approved by: Charles McKee, CAO

Attachments:

Board Referral No. # 2021.12

Memo from Henry Gonzales, Agricultural Commissioner

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