



County of Monterey

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

Board Report

File #: RES 20-214, **Version:** 1

Adopt a resolution to authorize and direct the Auditor-Controller to amend the FY 2020-21 Adopted Budget for the Cannabis Program (001-1050-8533-CAO004) to increase appropriations by \$33,927, financed by a release of \$33,927 from the Cannabis Tax assignment, BSA 001-3132 (4/5th vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Adopt a resolution to
 - i. Authorize and direct the Auditor-Controller to amend the FY 2020-21 Adopted Budget for the Cannabis Program (001-1050-8533-CAO004) to increase appropriations by \$33,927, financed by a release of \$33,927 from the Cannabis Tax assignment, BSA 001-3132 (4/5th vote required); and
- b. Provide direction to staff as appropriate.

SUMMARY/DISCUSSION

The Board of Supervisors Cannabis Committee supported the Cannabis Program recommendation to seek approval of the Budget Committee to move forward with a Fee Study for the Cannabis Business Permit “CNB” and request an authorization of \$33,927 for consultant fees to be funded by the cannabis tax assignment. On November 19, 2020, the Budget Committee subsequently supported the recommendation and directed staff to the Board of Supervisors for approval. A fee study for the CNB has never been conducted.

The Cannabis Program Manager is the Appropriate Authority for the administration of the “CNB”. When submitting an application, cannabis operators must also submit a deposit of \$4,474 for an initial application or \$1,028 for a renewal application. When reviewing the application or inspecting the operation, staff tracks their time spent per CNB. When the CNB is ready for issuance, billable hours by department are reconciled with the deposit and refund/invoice is issued depending on the balance.

Though there have only been 14 CNBs issued or renewed, the reconciliation process has been very inefficient for each. The objective of the proposed Fee Study is to eliminate the significant amount of staff time required for reconciliation. The Fee Study also includes analysis to establish an overhead cost of Program staff, which is not currently reflected in billable hour rates or allocations in the Adopted Budget.

Program Staff believes that establishing a fee will reduce County costs by eliminating the amount of staff time required to process and issue a CNB, which will also benefit cannabis operators by streamlining the process.

OTHER AGENCY INVOLVEMENT:

Finance Managers from the Health Department, Environmental Health Bureau and the Resources Management Agency and Office of the County Counsel discussed the deposit concept versus establishing a fee. The majority agreed to pursue the fee concept and study.

FINANCING:

In order to conduct the fee study for Cannabis Business Permit, \$33,927 is being requested from the cannabis assignment funds. The current balance of the cannabis assignment is \$13,168,731.50.

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: MGT Proposal
- B: Board of Supervisors Resolution