COUNTY OF MONTEREY

County Administrative Office

co.monterey.ca.us/CannabisProgram
168 West Alisal St., 3rd Floor
Salinas CA 93901-2680
(831) 796-3017

Nicholas E. Chiulos
Chief Assistant County Administrative Officer

Michelle House
Cannabis Program Manager
Intergovernmental & Legislative Affairs

May 2, 2024

To: Board of Supervisors Cannabis Committee
Fr: Michelle House, Cannabis Program Manager
cc: Nicholas E. Chiulos, Chief Assistant County Administrative Officer
Joann Iwamoto, Cannabis Program Manager – Helper

Re: Cannabis Program performance indicators, SMART goals, and active grants.

CANNABIS PROGRAM BUDGET AND GRANTS

A. Balance of Cannabis Program Contingency

The table below reflects the Fiscal Year (FY) 23-24 allocation, which has been utilized for indirect costs in the County Administrative Office as these were not otherwise funded.

Type	Allocation	Remaining Balance
Cannabis Program Contingency	$74,720.00	
Cannabis Program indirect costs	-$63,970.00	$10,750.00

B. Grant Activity and Other

Local Jurisdiction Assistance Grant (LJAG)

Staff have worked with the Department of Cannabis Control to amend the budget to reallocate funding from ordinance work to passthrough funding and further enhancements to Accela Automation.

CANNABIS PERMIT INFORMATION

A. Cannabis Land Use Permits

There are 78 applications, where 64 have been approved and have a status of either Condition Compliance or Cleared. The remaining 14 applications are pending approval.

The table below shows the number of Cannabis Land Use Permits approved by fiscal year. There have

not been any additional approvals since the prior Cannabis Committee (Committee) meeting.

Fiscal Year	# Approved
FY 17-18	1
FY 18-19	3
FY 19-20	8
FY 20-21	8
FY 21-22	22
FY 22-23	18
FY 23-24	4
Total	**64**

B. Cannabis Business Permits

Currently there are 77 applications. 64 applicants are currently operating and 13 have applied but are not operational. The table below shows the number of initial Cannabis Business Permits issued by fiscal year. There have not been any additional issuances since the prior Committee meeting.

Fiscal Year	# Issued
FY 17-18	3
FY 18-19	5
FY 19-20	2
FY 20-21	5
FY 22-23	22
FY 23-24	12
Total	**49**

C. Licenses by Commercial Cannabis Activity

At the prior Committee meeting, public comment was given to request additional context be provided in the memoranda update on Cannabis Program performance indicators. Staff have prepared the table below, which reflects the number of active state licenses held by operational applicants.

License Category	# of Active Licenses
Cultivation	**210**
Mixed Light	169
Outdoor	28
Indoor	13
Distribution	**31**
Nursery	**31**
Processor	**22**
Retail	**9**
Manufacturing	**5**
	308

D. Cessation of Business

A Cessation of Business form is submitted to the Program and Treasurer-Tax Collector's Office (TTC) when a business shuts down. Often, the business does not submit the Cessation of Business form and the Program conducts a final inspection and provides the "Inspection Fact Sheet" to the TTC. There have not been any additional closures since the prior Committee meeting.

Fiscal Year	#
FY 19-20	4
FY 20-21	7
FY 21-22	8
FY 22-23	34
FY 23-24	7
Total	**60**

Reason for Closure	#
Acquisition	3
Change of Business Plan	4
Eviction	14
Insolvency	38
License Expired	1
Total	**60**

CANNABIS MARKET INFORMATION

A. FY 23-24 Cannabis Cultivation Figures

Below is a summary of cultivation canopy and the projected tax revenue, which is based on the square footage that is registered at the time of writing. These figures assume that canopy remains constant throughout the FY—meaning no modifications and/or business closures—and that all operators will timely pay their respective cannabis business taxes.

Cultivation Type	Square Footage	Acreage	Projected Tax Revenue
Mixed Light	1,413,365	32	$2,063,513
Indoor	58,401	1	$124,395
Nursery	1,051,467	24	$746,542
Outdoor	329,727	8	$234,106
	2,852,961	**65**	**$3,168,556**

Below is a summary of approved canopy modifications by fiscal year. There have been two additional modifications since the prior Committee meeting: 2 to Increase.

Fiscal Year	Decrease	Increase
FY 19-20	7	11
FY 20-21	2	22
FY 21-22	14	15
FY 22-23	19	17
FY 23-24	5	7

ENFORCEMENT AGAINST UNLICENSED CANNABIS ACTIVITY

The County of Monterey Marijuana Eradication Team provides the Program with information to update the Committee on outcomes of search warrant and abatement activities. There are no updates from the prior Committee meeting.

Type	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Cannabis Plants	31,938	32,888	18,602	97,703	1,220	0
Cannabis Processed (lbs.)	3,981	5,476	1,716	38,430	506	0
Gross Weight Abated (tons)	18.0	19.2	10.2	68.1	2.8	0.0
Firearms	13	105	97	24	1	0
Currency	$100,815	$28,146	$104,700	$5,500	$0	$0
Explosive Material (lbs)	0	0	0	25	0	0
Meth (lbs)	0	0	0	1	0	0
Cocaine (lbs)	0	0	0	0	0.03	0
Clandestine Lab	0	2	5	0	0	0
Wholesale Market Value	$35,919,000	$38,364,000	$20,303,000	$68,066,500	$2,834,635	$0

CANNABIS PROGRAM SMART GOALS

SMART Goal #1: Issuing a Cannabis Business Permit (CBP)
The Cannabis Program will issue a CBP within 3 business days of the Operator submitting a complete CBP Initial Application and satisfying departmental requirements, in addition to the Property Owner receiving a fully cleared Land Use Entitlement.
Service level: 100%

Fiscal Year	FY 22-23, Q4	FY 23-24, Q1	FY 23-24, Q2	FY 23-24, Q3
Service Level	100%	100%	83%	100%

SMART Goal #2: Renewing a CBP

The Cannabis Program will renew CBPs within 3 business days of the Operator submitting a complete CBP Renewal Application and satisfying departmental requirements.

Service level: 100%

Fiscal Year	FY 22-23, Q4	FY 23-24, Q1	FY 23-24, Q2	FY 23-24, Q3
Service Level	100%	100%	100%	100%

SMART Goal #3: Providing local authorization using the Provisional Cannabis Business Permit (PCBP)*

No later than August 1, 2022, up to 100 Operators who have not obtained a CBP will be issued a Provisional CBP under Good Standing criteria expiring one year from its issuance date.

Service level: 100%

Fiscal Year	FY 22-23, Q4	FY 23-24, Q1	FY 23-24, Q2	FY 23-24, Q3
Service Level	N/A	N/A	N/A	N/A

*This goal was met in the reporting period that it occurred (FY 22-23, Q1), which is outside of the four-quarter recap that is provided in this memo.

SMART Goal #4: Providing renewal of the Provisional Cannabis Business Permit (PCBP) †

The Cannabis Management Team will review outstanding requirements related to the Land Use Entitlement and the Cannabis Business Permit. Only those that have completed critical requirements and/or made significant progress to complete will be issued a one-time renewal of the PCBP expiring January 1, 2026 for Class B Provisional Cannabis Permittees.

Service level: 100%

Fiscal Year	FY 22-23, Q4	FY 23-24, Q1	FY 23-24, Q2	FY 23-24, Q3
Service Level	N/A	N/A	100%	N/A

†This goal was met in the prior reporting period (FY 23-24, Q2), which is when PCBPs were eligible for renewal. Staff anticipates that operators with PCBPs will obtain their CBP by Q2 of FY 24-25 to align with the sunsetting period of state provisional licenses.