



# County of Monterey

**Item No.**

## Board Report

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

**Legistar File Number: RES 26-019**

**February 10, 2026**

**Introduced:** 1/23/2026

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** BoS Resolution

Authorize the Auditor-Controller to amend the fiscal year 2025-26 adopted budget for County Administrative Office - Cannabis (001-1050-CA0004-8533), increasing appropriations and estimated revenue by \$243,578.35 funded from the Department of Cannabis Control through the Local Jurisdiction Assistance Grant program and return unspent funds (4/5th vote).

### RECOMMENDATION:

It is recommended that the Board of Supervisors

Authorize the Auditor-Controller to amend the fiscal year 2025-26 adopted budget for County Administrative Office - Cannabis (001-1050-CA0004-8533), increasing appropriations and estimated revenue by \$243,578.35, funded from the Department of Cannabis Control through the Local Jurisdiction Assistance Grant program and return unspent grant funds. This item requires a 4/5 vote.

### SUMMARY:

The Department of Cannabis Control, Local Jurisdiction Assistance Grant (LJAG) was awarded to the County and accepted by the Board on January 11, 2022, in Resolution No. 22-005. The recommended action would amend the fiscal year 2025-2026 adopted budget, increase appropriations funded by LJAG grant revenues to return the unspent balance and ineligible use of grant funds to the Department of Cannabis Control.

### DISCUSSION:

LJAG provided funding to local jurisdictions to assist commercial cannabis operators with transitioning from provisional to annual state licensure. On November 10, 2021, the County of Monterey Cannabis Program (the Program) applied for this funding. On December 24, 2021, LJAG awarded the County \$1,737,035, formalized through executed grant agreement 75915/G21-001 with the Department of Cannabis Control. Although the term of the LJAG grant agreement was January 1, 2022, through June 30, 2025, grant funds were required to be expended by March 31, 2025.

LJAG funding provided capacity for the Program to administer pass-through funds to qualified provisional licensees to assist in meeting local jurisdiction requirements and become eligible for a state annual commercial cannabis license. In addition, LJAG funds were utilized to reimburse mitigation measure costs related to cannabis farmland and improve Accela Automation reporting and the online cannabis business permit application process.

A total of \$1,123,162.26 was allocated to provide provisional licensees funds for business

improvements to assist provisional licensees in moving to an annual cannabis business license. The Program was unable to disburse \$243,578.35 allocated for passthrough to cannabis commercial operators. The primary challenge in administering passthrough funds was paperwork outweighing the worth of money provided (\$10,000-\$20,000). When the amount of pass-through funds increased to \$51,594 during fiscal year 2024-25, the Program received ten applicants within a time frame of four months. In addition, by fiscal year 2024-25, most commercial cannabis operators had transitioned to an annual license leaving unspent funds.

A total of \$436,285.24 was allocated for payment/reimbursement of Mitigation Measures TRA-1 and TRA-2; on behalf of land use permits associated with an initial study of 45 sites resulting from a traffic impact study for improvements of roads leading to and from cannabis farms (Spence, Harris, and Potter Roads). The Program must return \$63,129.78 in ineligible use of grant funds due to five applicants not holding a provisional cannabis license at the time of payment/reimbursement. On December 10, 2025, the Board of Supervisors authorized an increase in appropriations of \$63,130 funded by the cannabis assignment to allow the Program to repay the Department of Cannabis Control this amount in ineligible grant funds.

**OTHER AGENCY INVOLVEMENT:**

None

**FINANCING:**

The recommended action would not have impact on the general fund. The recommended action would increase appropriations financed by LJAG grant revenues to fully appropriate the remaining balance and return unspent grant funds to the Department of Cannabis Control. The funds would come not from the general fund, but from the County Administrative Office FY 2025-26 adopted budget.

**BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:**

The Program addresses each of the Strategic Initiative Policy Areas that promote the growth of a responsible and legal Monterey County cannabis industry.

Well-Being and Quality of Life

- X Sustainable Infrastructure for the Present and Future
- X Safe and Resilient Communities
- X Diverse and Thriving Economy

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Approved by: Nicholas E. Chiulos, Chief Assistant CAO

Attachment A: Resolution Authorizing 1) the Auditor-Controller to Amend the Fiscal Year 2025-2026 Adopted Budget for the Cannabis Program; 2) the Cannabis Program to Return Unspent LJAG Grant Funds to the Department of Cannabis Control.

