

# County of Monterey Cannabis Program Strategic Plan

September 2024 Through August 2026



Includes

Mission

Goals

Strategies

Priorities



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# County of Monterey Board of Supervisors

District 1 Luis Alejo	District 2 Glenn Church	District 3 Chris Lopez	District 4 Wendy Root Askew	District 5 Mary Adams
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# Strategic Planning Overview



*Six interviews with County departments and key stakeholders were conducted as part of updating the strategic plan*

In 2018, the County of Monterey Cannabis Program (Program) adopted a strategic plan to establish a mission and set goals and strategies that would guide the Program. Since the initial plan was adopted, there have been regulatory and policy changes, program development, and shifts within the cannabis industry. In June 2020 and 2023 the strategic plan was revised keeping to the original mission and goal statements, updating only the strategies and priorities. The 2024 strategic plan has been updated with input from seven key County departments, fire districts, and members of the cannabis industry. While the mission of the 2024 strategic plan remains central, the plan contains updated goals, strategies, and priorities to be implemented during the next two years.

## Direction from Board of Supervisors

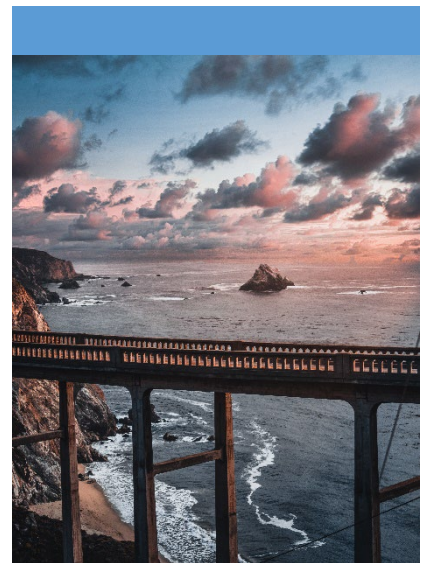
The Board of Supervisors sets policy direction for the Cannabis Program. That direction is imbedded within this strategic plan document.

## Input from County Departments and Industry Representatives

Information was obtained with County departments, external agencies, and industry representatives through focus groups conducted by Cannabis Program staff. The focus group interviews included questions to gather input on goal strategies and priorities and included follow-up emails and calls.

## Strategic Plan Update Process

In July and August of 2024, representatives of County departments and external departments with key roles in the cannabis program and industry members convened via Zoom and in person to update the strategic plan. The updated strategic plan includes focus group feedback that will guide goal strategies and priorities.



*This strategic plan was updated based on feedback from:*

- Board of Supervisors
- County Departments
- External departments
- Members of the cannabis industry

# County of Monterey Cannabis Program

## Brief History

On July 7, 2015, the Board of Supervisors adopted an Interim Ordinance (ORD #5424) to address cannabis activities in the unincorporated areas of Monterey County and at the same time, the Board ad hoc committee on cannabis was formed. In September of 2016, the Board of Supervisors created policy to encourage a local cannabis industry as part of the County's economic development efforts, and to grow tax revenues to fund important County services. This policy was made possible with the advent of the new State law Proposition 64, effective January 1, 2018. Monterey County voters approved a tax on cannabis products in November of 2016 which made possible the County of Monterey Cannabis Program.

## Civil Grand Jury

Monterey County Civil Grand Jury released their findings on state of the local cannabis industry and its regulatory oversight in Cannabis Tax Revenues: Highs and Lows.

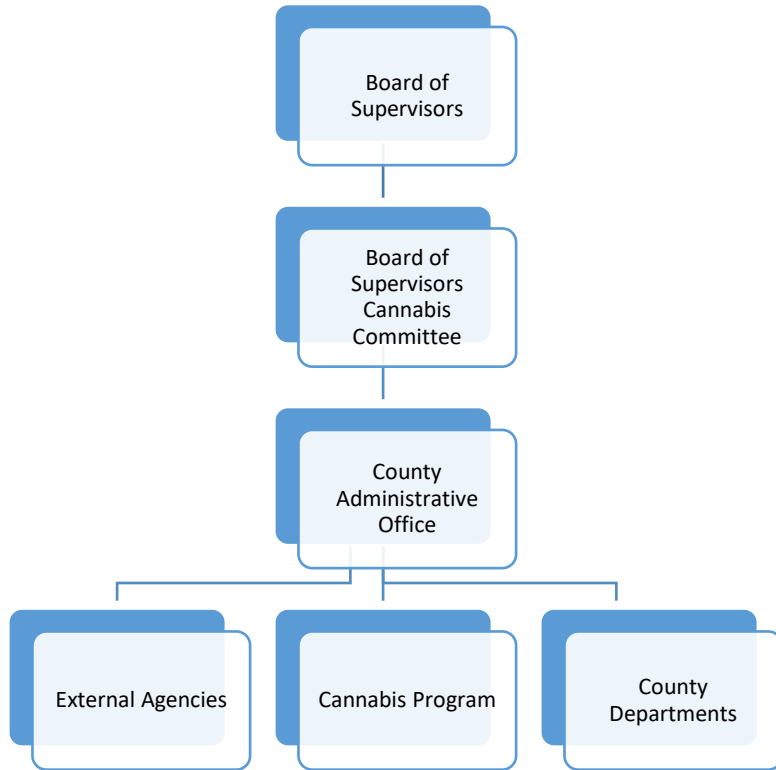
The Civil Grand Jury Report launched an inquiry into the current fiscal health of the County of Monterey cannabis industry. The overarching goal was to compare 2023 incoming cannabis tax revenue while examining shifting tax rates, determining the benefits to the community, and ascertaining the viability of the Cannabis Program. and determine the benefits to the community as a whole and the financial viability of the Program. The Civil Grand Jury Report provided nine recommendations for improvements. These recommendations can be found in Appendix A.

## State Audit

The County of Monterey was one of six jurisdictions included in a program audit conducted by the Office of the State Auditor, released in March of 2024. The audit focused on cannabis permitting process within the Counties of Monterey and Santa Barbara and the cities of Fresno, Sacramento, San Diego, and South Lake Tahoe. Jurisdictions were selected based on geographical diversity, population size, number of state licenses and permitting process. The audit reviewed six areas of interest and can be found in Appendix B.

### Policy Direction and Oversight

Policy direction and oversight is provided by the Board of Supervisors, which established a standing Cannabis Committee comprised of two members in 2018. Two Board of Supervisors are appointed to the Cannabis Committee at the beginning of each calendar year.



Program oversight is provided by the County Administrative Office (CAO) and program coordination is through the Cannabis Program which is part of the CAO – Intergovernmental and Legislative Affairs (IGLA) Division. The Cannabis Program is staffed with a Cannabis Program Manager, Management Analyst III, and Senior Secretary.

Seven County departments and multiple external agencies have key responsibilities in implementing various aspects of the Program. Together, they play an important role in the success of the cannabis industry within the County of Monterey.



**7** County departments and the fire districts have key roles in the Cannabis Program's success

## Program Coordination

The Program is a unit within the CAO-IGLA Division and coordinates with key departments, external agencies, Department of Cannabis Control, the cannabis industry, and public and community groups. Seven County departments and the fire districts work to enforce local cannabis policies and regulations as well as regulations set forth from the Department of Cannabis Control and various state and federal agencies. Each of these organizations plays a critical role and requires the Program to be well coordinated, with effective internal and external communication to ensure the policy direction of the Board of Supervisors is achieved.

## Program Manager

The Program is coordinated by the Cannabis Program Manager and provides several key responsibilities:

- Coordinates the collaboration of County departments and fire districts.
- Manages Program staff: Management Analyst III and Senior Secretary.
- Department of Cannabis Control point of contact for state licensing local approval.
- Manages the Cannabis Compliance Inspection process.
- Monitors progression toward proposed strategic plan goals and strategies to adjust the Programs direction when appropriate.
- Coordinates effective tracking for data and program indicators.

*Overall program management is provided from the County Administrative Office through the **Cannabis Program Manager.***

The strategic plan will **establish a framework** to guide the Program over the next 2 years.

- Prepares and coordinates reports to the Board of Supervisors Cannabis Committee, Budget Committee, and the Board of Supervisors.
- Monitors a \$2.4M budget for the program including monitoring of cannabis allocations and assignment.
- Monitors legislative and regulatory activity.
- Manages one state-funded grant related to cannabis.

### Program Enforcement

Enforcement efforts related to the Program involve high-level staff from several County departments to effectively respond to both permitted and unpermitted commercial cannabis enforcement activities. The Sheriff's Office is responsible for criminal and civil enforcement. The District Attorney's Office (DA) maintains a broad roll working collaboratively with other law enforcement, code, and governmental agencies. The DA conducts civil and/or criminal investigations into violations of law involving the illegal, unlicensed, and licensed cannabis industry. The DA enforces the law in a variety of ways including verbal notice, education, civil penalties for unfair business practices, criminal probation, and prison for severe illegal violations. These County departments participate with two State agencies (Department of Cannabis Control and California Department of Fish and Wildlife) when conducting cannabis enforcement activities.

### Program Compliance

Ensuring programmatic compliance within the legal cannabis industry involves a multi-faceted approach and involves various County departments including the office of the County Council. The Environmental Health Bureau (EHB), fire districts, and Housing and Community Development (HCD) work together to enforce regulatory frameworks that align with local, state, and federal laws to promote responsible business practices within the cannabis industry.

EHB is committed to balancing the economic opportunities presented by the lawful cannabis industry with the need to protect Monterey County's unique environmental resources and support the well-being of all its residents. This is accomplished by encouraging cannabis cultivation and production practices that minimize environmental impact, such as sustainable water use, soil conservation, and reduction of chemical usage. EHB staff implement regular inspections and monitoring to ensure compliance with environmental and health standards.

Inspectors from HCD enforce compliance under the county cannabis code and work directly with regional fire districts to maintain accountability. Together they work directly with the industry and ensure businesses comply with local and state ordinances as well as building and/or fire code

The strategic plan contains agreed upon *strategies for action*.





requirements. Inspections are completed several times a year to monitor and enforce regardless of size or location holding all business accountable to the same standards consistent with the severity of violations.

### **Program Finance**

The Treasure Tax Collector's office and the Office of the Auditor-Controller assist with collecting and monitoring cannabis tax revenue.

The County of Monterey has benefited from the commercial cannabis industry, which has generated collections of more than \$87 million in cannabis business tax revenue between fiscal year 2016-17 and fiscal year 2023-24. A breakdown of cannabis tax revenue and expenditures can be found in Appendix C.

### **Public Health**

The County of Monterey Cannabis Education Program (CEP) serves the entire County, including the 12 incorporated cities. Their overarching goal is to provide current fact driven information that empowers community to make informed choices about their health. CEP is housed within the Chronic Disease and Injury Prevention Branch of the County of Monterey Health Department, Public Health Bureau.

CEP provides school-based cannabis education and prevention classes to middle and high school youth. To further facilitate youth cannabis prevention CEP staff, provide parent focused cannabis education classes and skill building on how to be an askable parent.

CEP utilizes social marketing to address a variety of issues including illicit market, over consumption, and safe storage. Media concepts are created in collaboration with the cannabis industry through the Cannabis Safety sub-committee.

### **Cannabis Industry**

As the cannabis landscape evolves, with shifting market dynamics and regulatory challenges, it's crucial to adapt to meet these changes.

In mid-2021, the commercial cannabis industry began to experience the effects of oversaturation throughout the State of California causing wholesale price points to drop significantly. These declines in wholesale price points affected the viability of many business operations. These challenges need to be overcome if we are to maintain industry sustainability.

Mixed-light cannabis production is economical unstable due to high costs of electricity and if more licenses are converted to outdoor, the tax revenue will decline unless offset by new and emerging production. The County can



tap unrealized growth potential by providing space for on-site consumption and attracting new business to Monterey County.

### **Communication and Information**

Providing timely information to stakeholders is critical to the success of the program. Stakeholders include the Board of Supervisors, County departments, cannabis industry representatives, external agencies, and the public. Ongoing communication and dissemination of information is consistent with the overall program goals and strategies. Internal stakeholders are engaged through meetings, emails, and phone conversations to ensure continued communication among County departments and external agencies.

Monthly cannabis industry meetings are held to foster communication and review areas of concern. These meetings have proved valuable and have increased County/industry collaboration. The Board of Supervisors are provided updates during bi-monthly Cannabis Committee meetings. These meetings provide a venue for the Program, community, and cannabis industry members to disseminate information and ideas and allows the Program to receive direction and oversight.

The webpage is maintained and will be reviewed and updated quarterly. During a recent cannabis industry meeting, ideas were shared on ways to improve the webpage. Over the next year the Program will update the look of the webpage adding a calendar of events and drop-down cannabis business permit menus. External links for the Board of Supervisors, County department, fire districts, and Department of Cannabis Control will be included. Additionally, the webpage will host permitting forms with instructions and have a “Contact Us” feature for questions and inquiries. The program will link to several County departments and ensure departments direct public industry inquiries to the Program webpage.

To increase public visibility and promote services, the Program will create a Meta account (Facebook/Instagram). The Facebook account will provide industry news, product recalls, and links to County and State agencies. Program staff will work with collaborating agencies to gather current and relevant information engaging community on a more personal level.

### **Performance Indicators**

The Cannabis Program reports its progress to the Board Cannabis Committee and full Board of Supervisors. Performance indicators provide capacity for the Program to provide a quantifiable measure of progress over the next two years. Performance indicators have been developed to monitor progress towards the updated goal language and are driven by the strategies that will achieve the program goals over the next two years.



# Cannabis Program **Mission and Goals**



*The **mission** statement describes the purpose of the Cannabis Program*

*4 **program goals** have been established for the program to work toward*

## Our Mission

Through collaboration with multiple County departments, provide a local framework for management of commercial cannabis to address regulation, policy, enforcement, education, and the protection of health and safety in our communities.

**Goal A.** *Foster a resilient and innovative industry that drives sustainable economic growth.*

**Goal B.** *Protect public safety, health and the environment as the industry expands.*

**Goal C.** *Sustain a well-coordinated program with effective, transparent, and equitable compliance and enforcement.*

**Goal D.** *Generate revenue to ensure a self-funded program and services to the public.*



# Cannabis Program Strategies



*The strategies for the Cannabis Program are intended to be implemented during the next two years to fulfill the mission of the program and the four program goals. Each program goal has its own set of attainable strategies.*

## Goal A. Foster a resilient and innovative industry that drives sustainable economic growth.

### Strategies

1. Review and update the cannabis ordinance (7.90) to ensure the Program is consistent with the Department of Cannabis Control regulations.
2. Research a data source that can be used to monitor the cannabis marketplace.
3. Facilitate the cannabis industry moving from provisional to annual cannabis permits.
4. Monitor cannabis legislation and provide updates during monthly Industry meetings.
5. Attend the statewide Cannabis Program Forum.



## Goal B. Protect public safety, health and the environment as the industry expands.

### Strategies

1. Foster interdepartmental collaboration and communication to ensure a cohesive approach to cannabis regulation and oversight by meeting with appropriate County departments at least one time annually.
2. Provide a proactive, coordinated enforcement to support enforcement of the illegal cannabis market that is aligned with the necessary resources.
3. Promote community outreach programs focusing on youth prevention and community education for those who choose to use cannabis.
4. Attend Cannabis Safety sub-committee meetings.
5. Establish clear, transparent, and accessible regulatory guidelines to ensure understanding and adherence to environmental health standards (e.g., water, solid waste, hazardous materials, other).



## **Goal C. Sustain a well-coordinated program with effective, transparent, and equitable compliance and enforcement.**

### **Strategies**

1. Meet monthly with cannabis industry members.
2. Conduct quarterly compliance inspection to ensure County and State requirements for legally permitted cannabis operations are followed.
3. Review and update County of Monterey Cannabis Program website quarterly.
4. Create a Program Meta account (Facebook/Instagram).
5. Hold one annual in person meeting for industry and Program departments.
6. Engage relevant County departments to obtain feedback on improving the cannabis application process.
7. Maintain criminal background check requirement records for cannabis business permit for business owners.



**Goal D. Generate revenue to ensure a self-funded program and services to the public.**

## Strategies

1. Continue to coordinate with the Auditor-Controller's Office and the Treasurer-Tax Collector to provide accurate and complete revenue information to the Cannabis Committee so informed financial decisions can continue to be made.
2. Administer the Department of Cannabis Control Local Jurisdiction Assistance Grant Program.

# Priorities

## **Goal A: Foster a resilient and innovative industry that drives sustainable economic growth.**

- ✓ Research a data source that can be used to monitor the cannabis marketplace.
- ✓ Facilitate the cannabis industry moving from provisional to annual cannabis permits.

## **Goal B: Protect public safety, health and the environment as the industry expands.**

- ✓ Provide a proactive, coordinated enforcement strategy to support enforcement of the illegal cannabis market that is aligned with the necessary resources.
- ✓ Establish clear, transparent, and accessible regulatory guidelines to ensure understanding and adherence to environmental health standards (e.g., water, solid waste, hazardous materials, other).

## **Goal C: Sustain a well-coordinated program with effective, transparent, and equitable compliance and enforcement.**

- ✓ Conduct quarterly compliance inspection to ensure County and State requirements for legally permitted cannabis operations are followed.

## **Goal D: Generate revenue to ensure a self-funded program and services to the public.**

- ✓ Continue to coordinate with the Auditor-Controller's Office and the Treasurer-Tax Collector to provide accurate and complete revenue information to the Cannabis Committee so informed financial decisions can continue to be made.



# Conclusion



The 2024 strategic plan has been updated with input from key County departments, external agencies, and members of the cannabis industry. While the mission of the 2024 strategic plan remains central, the plan contains updated goals, strategies, and priorities that will be implemented during the next two years.

Strategic plan direction was obtained through focus groups conducted by Program staff. The focus group interviews included six questions to gather input on goal strategies and priorities and included follow-up emails and calls.

Effective communication and coordination between the seven County departments and fire districts plays a critical role and requires the Program to be well coordinated, with effective internal and external communication to ensure the policy direction of the Board of Supervisors is achieved.

Accountability for the strategic plan will be provided through regular reports to the Board of Supervisors Cannabis Committee and performance indicators that provide capacity for the Program to provide a quantifiable measure of progress over the next two years. Performance indicators have been developed to monitor progress towards the updated goal language and are driven by the strategies that will achieve the program goals over the next two years. In addition, progress will be monitored through internal department meetings to share updates on strategies and discussion of emerging issues.

# Attachment A. Timeline of Notable Events



Date	Event
6/19/2015	Board Referral - Urgency Ordinance
7/7/2015	Board Adopts Interim Urgency Ordinance (ORD #5254); Creates Ad Hoc Committee
7/28/2015	Extension to the Interim Urgency Ordinance (ORD #5256)
10/9/2015	State enacts Med Cannabis regulations (AB243, AB266, and SB643)
2/3/2016	State repeals March 1, 2016, deadline (AB21)
2/26/2016	Extension and amendment to Interim Urgency Ordinance (ORD #5265) - Exceptions
3/2/2016	Board Referral - Options for cannabis taxation
7/12/2016	Monterey County Adopts Chapter 7.100 – Commercial Cannabis Business Tax
7/19/2016	County adopts 5 ordinances (Inland Zoning, Intent to adopt Coastal Zoning, Business License, Business Permits, Personal cultivation), subject to passage of tax measure
8/10/2016	Coastal Ordinance amendments submitted to California Coastal Commission
9/27/2016	Board adopts fee resolutions for cannabis permitting, Coastal Commission requires changes to coastal regulations (9/29.16)
11/8/2016	County Tax Measure and Adult-use Marijuana Act (AUMA) both adopted by voters (AUMA to become effective 1/1/2018)
12/7/2016	Ordinance becomes effective 1-year amortization period from August 1, 2016
1/9/2017	State releases draft medical licensing regulations (later rescinded)
4/18/2017	Board adopts resolution authorizing background investigations for cannabis applicants
6/13/2017	Board referral to amend setback requirements
7/27/2017	Revised State law (SB 94) - State rescinds aw medical cannabis licensing regulations
12/5/2017	Revised Ordinances adopted (Inland, Coastal) - adult/medicinal use per SB94
1/1/2018	State begins licensing - Local Authorization required
2/7/2018	California Coastal Commission certifies Coastal Ordinances
3/13/2018	Board adopts coastal ordinance and portion of setback ordinance amendments; dispensary setbacks sent back to Cannabis Committee for discussion.
3/21/2018	Board Referral - Staffing, tax rates, outdoor grows, distribution; Memo from HCD to Industry (Business Permits/tax reporting).
7/24/2018	Monterey County Amends Chapter 7.100 of Monterey County Code
10/10/2018	Titles 20.67 and 21.67 amended to change commercial cannabis activities from a Use Permit/Coastal Development to an Administrative Permit/Coastal Administrative Permit and to create an exception process for a proposed retail facility that does not comply with the 1,500-foot setback from another approved retail facility.

Date	Event
12/6/2019	County amends Chapter 7.90 of Monterey County Code to allow for an amendment of Cannabis Business Permit within the annual term, designates the Cannabis Program Manager as the Appropriate Authority, requires owners to obtain a new permit when there is a full transfer of ownership or a change in business entity type, requires all owners and employees to be 21 years of age or older and wear an identifying badge while on commercial cannabis premises, and requires operators to submit data to California Cannabis Authority.
3/17/2020	County amends Chapter 7.90 of Monterey County Code to add definition of “manager” and “owner”, allow for Live Scan fingerprinting to be done at any entity authorized by the California Department of Justice, remove the Live Scan requirement for property owners, supervisors, and employees, and require permittees to keep a roster of all employees and their date of birth in addition to verification that employees do not have felony convictions or drug related misdemeanor convictions within the past ten years.
4/21/2020	Governor’s Office of Business and Economic Development (GO-Biz) announces awards for FY 19-20 round of grant funding, which includes a \$150,000 in funding for the County of Monterey to conduct an equity assessment and begin program development.
5/19/2020	Board adopts an ordinance amending Chapter 7.100 of the Monterey County Code to suspend the Fiscal Year 2020-2021 automatic increases on the County’s commercial cannabis business tax rates and resume the automatic increases in Fiscal Year 2021-2022 on July 1, 2022. This was in response to the COVID-19 pandemic.
7/7/2020	Board adopts an ordinance to add Chapter 21.17 to Title 21 (non-coastal zoning ordinance) of the Monterey County Code and amend other sections of Title 21 to establish a Mixed-Use zoning district and to provide definitions, regulations, and standards for the Mixed-Use zoning district in the non-coastal unincorporated areas of the County of Monterey.
5/18/2021	Board adopts ordinance amending Chapters 20.67, 21.67, 20.69, and 21.69 to revise renewable energy generation requirements for indoor cannabis cultivation, expand the outdoor cannabis cultivation regulations to include the permanent grazing zoning district within the Cachagua Area Plan as locations where outdoor cultivation may be permitted, reduce the setback required from the nearest off-site structure from 500 feet to 250 feet, modify the criteria for granting an exception to the setback from the nearest off-site structure, increase the maximum allowable canopy from 10,000 square feet to 20,000 square feet, and extend the pilot program from 5 years to 8 years.
5/25/2021	Board adopts ordinance amending Chapter 7.100 of the Monterey County Code to suspend the Fiscal Year 2021-2022 automatic increases on the County’s commercial cannabis business tax rates and resume the automatic increases in Fiscal Year 2022-2023 on July 1, 2022. This was in response to the COVID-19 pandemic, in addition to a local outbreak of the Hop Latent Viroid in April 2021.
6/22/2021	Board adopts an ordinance amending Chapter 21.67 of the Monterey County Code to allow for permitting of commercial cannabis cultivation within new or expanded greenhouses on properties zoned Farmland that contain at least one greenhouse that was legally established prior to January 1, 2016.
7/13/2021	Board adopts an ordinance amending Chapter 7.100 of the Monterey County Code to set a tax rate for outdoor commercial cannabis cultivation. The rate was set at \$2.50 per square foot of canopy. Governor Newsom signs Cannabis Trailer Bill to create the Department of Cannabis Control (DCC).
8/31/2021	Board receives the Cannabis Equity Assessment, a report culminating 11 months of effort with partner agency California State University at Monterey Bay.

Date	Event
10/12/2021	Board approves proposed framework of the Growing Equity Together Program (GET).
10/26/2021	Board adopts an ordinance amending Chapter 7.90 of the Monterey County Code to allow permitted cultivators to modify the total canopy area of any cultivation or nursery operation in their commercial cannabis permit on two occasions during the permit's annual term if certain criteria are met.
12/7/2021	Board adopts resolution to authorize creation and implementation of the Growing Equity Together Program.
12/24/2021	Department of Cannabis Control awards the County of Monterey \$1.7m through the Local Jurisdiction Assistance Grant Program to assist provisional licensees with meeting annual license requirements.
2/7/2022	Governor's Office of Business and Economic Development awards the County of Monterey \$550k through the Cannabis Equity Grants Program for Local Jurisdictions to develop the Growing Equity Together Program and assist qualified equity applicants with participation in the licensed cannabis industry.
3/1/2022	Board adopts ordinance amending Chapter 7.100 of the Monterey County Code to reduce commercial cannabis business tax rates, remove automatic increases, and waive penalties and interest for cultivation activities in the second and third quarters of Fiscal Year 2021-22.
3/15/2022	Board adopts an ordinance amending Chapter 7.90 of the Monterey County Code to make administrative changes including, but not limited to, clarifying commercial cannabis operation requirements, updating fee and refund provisions, revising on-site tobacco provisions, and establishing cessation of business requirements.
3/22/2022	Board appoints Cannabis Program Manager to serve as a member of the California Cannabis Authority Board of Directors.
6/1/2022	Board adopts a standalone ordinance to establish the Provisional Cannabis Business Permit.
8/30/2022	Board considers and approves proposed amendments to Monterey County Code Titles 20.69 and 21.69 and extends the sunset date of the Outdoor Commercial Cannabis Cultivation Pilot Program to 2030.
9/13/2022	Board adopts ordinance amending Chapter 7.100 of the Monterey County Code to reduce the commercial cannabis business tax rates for mixed-light and indoor cultivation retroactive to October 1, 2022, authorize the Board to, by resolution, waive and/or stay interest and penalties for cannabis operators with delinquent cannabis business taxes, extend the Board's conditional waiver of penalties and interest for FY 21-22 Quarters 2, and 3, from July 31, 2022 to January 31, 2023, and add FY 21-22 Quarter 4 to that conditional waiver.
9/27/2022	Supervisor Lopez submits Referral 2022.20 to consider a review of the department specific local requirements for commercial cannabis operators to achieve local authorization for the transition from a Department of Cannabis Control Provisional License to Annual Licensure.
10/18/2022	Board adopts a resolution to authorize the Treasurer-Tax Collector to conditionally waive all penalties and interest on unpaid installments of the annual commercial cannabis business tax imposed on cultivation activities for the first quarter of Fiscal Year 2022-2023, so long as the full amount due for that quarter is received by the Treasurer-Tax Collector on or before January 31, 2023.
10/25/2022	Board approves amendments to Local Jurisdiction Assistance Grant Program, which reallocates funding from an environmental impact report of District 5 to passthrough funding.

Date	Event
11/8/2022	Board directs staff to implement cannabis business tax payment plans for Quarters 2-4 of Fiscal Year 2021-2022 and authorizes immediate shut down for operators who are not participants in the payment plan.
12/6/2022	Board adopts an ordinance to lower the commercial cannabis business tax rate imposed on manufacturers from 3.5% of gross receipts to 1.5% of gross receipts.
12/6/2022	Board adopts resolution to extend the previously authorized conditional waiver of penalties and interest on unpaid installments of the annual commercial cannabis business tax imposed on cultivation activities for the second through fourth quarters of Fiscal Year 2021-22 to include all quarters of Fiscal Year 2022-2023, so long as the full amount due is received by the Treasurer-Tax Collector on or before September 30, 2023.
12/7/2022	Board approves reductions to Cannabis Program allocations effective February 1, 2023.
1/10/2023	Board approves revisions to the County of Monterey Growing Equity Together Program and adopts an administrative manual.
2/14/2023	Board adopts ordinance amending Chapter 7.100 of the Monterey County Code to reduce the commercial cannabis business tax rates for cultivation activities retroactive to January 1, 2023.
2/28/2023	Board considers the cannabis consumption lounge concept and directs staff to revisit the concept in Fiscal Year 2023-2024.
3/9/2023	Cannabis Program Manager appointed to serve as a member of the Cannabis Advisory Committee, which advises the Department of Cannabis Control on the development of relevant standards and regulations for commercial cannabis businesses.
3/21/2023	Board adopts an ordinance amending Chapter 7.90 of the Monterey County Code to make organizational changes which clarify and simplify permit procedures and requirements for processing and manufacturing activities, be consistent with the regulations of the Department of Cannabis Control, and update requirements for odor control, business owners, and employees.
4/4/2023	Board directs staff to implement cannabis business tax payment plans for Quarters 1-4 of Fiscal Year 2022-2023 and return with options to extend the Fiscal Year 2021-2022 payment plan for an additional three years while charging interest on unpaid balances.
5/31/2023	Considering the number of business closures, outcomes of the Fiscal Year 2021-2022 payment plan, and the Fiscal Year 2023-24 projections for cannabis business tax revenue, the Board approves a 30% reduction to the proposed Fiscal Year 2023-24 Cannabis Program budget.
5/3/2024	The Monterey County Civil Grand Jury Report titled <i>"Cannabis Tax Revenues: Highs and Lows"</i> is released.
5/28/24	The California State Audit titled <i>"Local Cannabis Permitting"</i> is released.
8/28/24	The California State Audit titled <i>"Cannabis Business Licensing"</i> is released.

# Appendix A.

Below are the nine recommendations made by the Monterey County Civil Grand Jury.  
The entire report can be reviewed [here](#).

## Recommendation

- R1** Direct Cannabis Program staff to analyze ways to reduce expenses within the Cannabis operational system, supplementing best practices identified in the Citygate report recommendations to stabilize and grow the Cannabis Tax Assignment Fund by September 30, 2024.
- R2** Complete a Strategic Plan every year and provide the BOS with status updates at each subcommittee meeting by January 31, 2025
- R3** Support the growth and sustainability of the Cannabis industry by maintaining the current Program tax rates for the next two budget years by September 30, 2024
- R4** Conduct an internal audit on the Cannabis Program in FY 2023-24 by January 31, 2025.
- R5** Conduct an internal audit of cannabis businesses with tax deferral payment plan agreements, including those in tax delinquency by January 31, 2025.
- R6** Develop a timely action plan for those growers in arrears and recommend to the BOS to consider phasing out further tax payment extensions by November 30, 2024.
- R7** Identify projects to assist with youth drug awareness/education/prevention and request funding from BOS as a priority allocation from the Cannabis Tax Assignment Fund (CTF) by September 30, 2024.
- R8** Increase enforcement of the regulations regarding illicit activity by licensed and unlicensed growers by September 30, 2024.
- R9** Increase prosecutorial efforts of unlicensed and underreporting cannabis growers to the maximum extent of the law; by using existing resources, potential grant funding, and assistance from the Cannabis Administrative Prosecutor Program (CAPP) by December 31, 2024.

# Appendix B.

Below are the six areas of interest reviewed by the California State Auditor's office.  
The entire report can be reviewed [here](#).

## Areas of interest

1. **Review and evaluate the laws, rules, and regulations significant to the audit objectives.**
2. Using available information regarding permitted commercial cannabis activity in cities and counties throughout the State, as well as other relevant criteria, select six local governments for review.
3. Determine whether cannabis business licensing and permitting policies and procedures are in place and clearly communicated to the public and potential licensees.
  - a. Determine whether these policies and procedures comply with relevant state and local laws and regulations.
  - b. Determine whether local governments take reasonable steps to ensure fairness and prevent conflicts of interest, abuse, and favoritism.
4. For a selection of local licenses at each of the six governments, determine whether the government followed its policies and procedures when issuing the local licenses.
5. Assess the benefits and challenges of different processes for selecting individuals and businesses and awarding local licenses and evaluate whether some selection processes are structurally more susceptible to corruption.
6. Review and assess any other issues not covered in the audit objectives that are significant to the audit.



# Appendix C.

## Cannabis Business Tax Revenue

