



# County of Monterey

## ADMINISTRATIVE OFFICE

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To: Board of Supervisors Cannabis Committee

Fr: Michelle House, Cannabis Program Manager

Cc: Deborah Paolinelli, Assistant County Administrative Officer

Re: Cannabis Program Updates, Budget, and Performance Measures

## **Cannabis Program Updates, Budget and Performance Measures**

### Cannabis Program Updates

On May 20, 2026, the Cannabis Program met with several County departments and a representative from the Monterey County Regional Fire District to discuss updates to cannabis inspection procedures, workflow improvements for cannabis business permit renewals, and guidance on the use of Connex containers. The Program will host a cannabis industry meeting on July 8, from 10:00 am to 12:00 pm via Zoom to review proposed amendments to Monterey County Code Chapter 7.90 to discuss the associated operational, regulatory, and compliance impacts. Housing and Community Development staff will present a draft consumption lounge ordinance to the Planning Commission in August. Discussions will continue regarding potential changes to the cannabis tax rate.

### Cannabis Program Budget

The Program began tracking changes to the canopy square footage in July of 2025 as changes to square footage feeds directly into tax revenue and is a marker of how the industry is adapting to an ever-changing market. The Program tracks canopy using July 1, 2025, as a baseline. Since the April 2, 2026, meeting, the following changes have occurred; 1) no change in indoor canopy, 2) no change in outdoor canopy, 3) a decrease in nursery canopy of 93,750 sq. feet, and 4) an increase in mixed light canopy of 115,798 sq. feet.

The Program provided an estimate of 3.5 million in tax revenue collections during fiscal year (FY) 25-26. Due to industry closures, Program staff anticipates a decrease in cannabis tax revenue. Current estimates track tax collections at approximately 3.2 million for FY 25-26. The Program estimates 3 million in tax revenue collections for FY 26-27, decreasing department allocations from \$3,353,692 in FY 25-26 to \$2,700,000 in FY 26-27; a decrease of \$653,692.

Monitoring cannabis tax revenue has been identified as a priority and is part of goal D within the current strategic plan. The Treasurer Tax Collector completed quarter three cannabis tax collections in April and will begin quarter four collections in July. The table below reflects the breakdown of taxes collected July 1, 2025, through June 5, 2026, a total of \$953,650 has been collected since the April 2, 2026, meeting.

<b>Tax</b>	<b>Amount</b>
FY 24-25	\$965,683
FY 25-26	\$2,630,001
<b>Total</b>	<b>\$3,595,685</b>

Performance Measures

- A. Facilitate provisional to annual cannabis business permits has been identified as a priority and is part of goal A within the current strategic plan. Since the April 2, 2026, Cannabis Committee meeting, one potential applicant was onboarded and the Program received four potential applicants, increasing the potential applicants from seven to ten. There are currently 48 active commercial cannabis business operators; 7 dispensaries, 36 farms (6 only nursery and 30 nursery/cultivators), and 5 operators engaged in other activities (manufacturing, distribution, and processing). Additionally, the Program revoked one dispensary permit due to the operator’s failure to submit required cessation-of-business documentation.
- B. Assisting with the movement of cannabis land use permits has been identified as a priority and is part of goal A within the current strategic plan. The first outdoor commercial cannabis cultivation site was approved by the Board of Supervisors on April 28, 2026. Approval allowed an amendment to the text of the Central Salinas Valley Area Plan to Policy CSV-1.8, to create a special treatment area on APN 420-063-014-000. The special treatment area will allow up to 20,000 square feet of outdoor cannabis cultivation for the next five years.
- C. Quarterly compliance inspections are a designated priority and reflected in Goal C of the current strategic plan. Inspectors from Housing and Community Development will enforce the county’s cannabis code and collaborate with regional fire districts and industry partners to ensure adherence to local and state building and fire code requirements. The Program continues to strive for a 100 percent service level.

<b>Fiscal Year</b>	<b>FY 25-26, Q1</b>	<b>FY 25-26, Q2</b>	<b>FY 25-26, Q3</b>	<b>FY 25-26, Q4</b>
<b>Quarterly Inspections</b>	100%	100%	100%	

- D. Issuing cannabis business permits has been identified as a priority based on findings from the FY 2021–22 County of Monterey Civil Grand Jury Report. The Program will issue a Cannabis Business Permit (CBP) within three business days once the operator has satisfied all requirements from Housing and Community Development, the Health Department, and the respective Regional Fire District. The Program continues to strive for a 100 percent service level.

<b>Fiscal Year</b>	<b>FY 25-26, Q1</b>	<b>FY 25-26, Q2</b>	<b>FY 25-26, Q3</b>	<b>FY 25-26, Q4</b>
<b>Service Level</b>	100%	100%	100%	

- E. Renewing cannabis business permits has been identified as a priority based on findings from the FY 2021–22 County of Monterey Civil Grand Jury Report. The Program will renew a CBP within three business days once the operator has satisfied all requirements from Housing and Community Development, the Health Department, and the respective Regional Fire District. The Program continues to strive for a 100 percent service level.

<b>Fiscal Year</b>	FY 25-26, Q1	FY 25-26, Q2	FY 25-26, Q3	FY 25-26, Q4
<b>Service Level</b>	100%	100%	100%	

F. Enforcing unlicensed cannabis activity has been identified as a priority and is included in Goal B of the current strategic plan. The County of Monterey Marijuana Eradication Team (COMMET) provides the Program with information on the outcomes of search warrants and abatement activities. The chart below reflects data for calendar years (CY) 2021 through 2026. Currently, COMMET has no data to report for CY 2026.

Type	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
Number of Cannabis Plants	18,602	97,703	1,220	130	114	0
Cannabis Processed (lbs.)	1,716	38,430	506	352	135.8	0
Gross Weight Abated (tons)	10.2	68.1	2.8	0.176	0	0
Firearms	97	24	1	16	1	0
Currency	\$104,700	\$5,500	\$0	\$13,538	\$0.0	0
Explosive Material (lbs.)	0	25	0	0	0	0
Meth (lbs.)	0	1	0	0.073	0.121	0
Cocaine (lbs.)	0	0	0.03	0.039	0	0
Clandestine Lab	5	0	0	0	0	0
Wholesale Market Value	\$20,303,000	\$68,066,500	\$2,834,635	\$241,433	\$124,900	\$0.00