

California Cannabis Authority

Santa Barbara County Membership

Board of Supervisors
September 14, 2021



County Executive Office

TODAY'S PRESENTATION

- Background and summary of CCA
- CCA Benefits
- Membership Value
- Cost
- Board of Directors Representation

RECOMMENDED ACTIONS

- Adopt a resolution authorizing the County of Santa Barbara to:
 - Approve entering into the Joint Exercise of Powers Agreement, as amended, establishing the California Cannabis Authority;
 - Authorize the Chair to execute the Joint Exercise of Powers Agreement on behalf of the County of Santa Barbara; and
 - Appoint the County Executive Officer or their designee(s) to serve as the Authorized Representative and a member of the Authority's Board of Directors and to appoint the County Executive Officer and Budget Director to serve as Alternate Authorized Representatives; and
- Find that the proposed actions are administrative activities of the County, which will not result in direct or indirect changes to the environment and therefore are not a "project" as defined for the purposes of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15378(b)(5).

Background and Summary of CCA

- CCA is a Joint Exercise of Powers Agreement, member counties are: Humboldt, Mendocino, Monterey, San Luis Obispo, Yolo, Inyo, and Lassen
- Formed to provide local jurisdictions access to a data analytics platform to regulate commercial cannabis
- Contract with NCS Analytics to collect, process, analyze, and aggregate cannabis permitting and taxation data from the State and from member jurisdictions
- Premise that providing current, actionable intelligence and reports, local regulators and tax officials have the power to make decisions efficiently based on facts to increase tax realization and enhance public safety and economic prosperity

Why CCA?

- Membership provides access to actionable data that can assist with enforcement, audits, targeted compliance, and revenue forecast
- Data is “real time”, so County departments will have up to date information available when making enforcement decisions
- Reaffirmed by KPMG Review of Cannabis Revenue Recommended Improvements Report
- Currently, no other access to state data
- Significant staffing resources needed to analyze state data and organize into usable information, could not be accomplished with existing staff

Benefits of CCA

- Membership and access to the data platform provides increased insight and transparency into licensee and operator data and processes to exchange leading practices with peer counties
- Data and analytics help to recognize industry trends, forecast cannabis related budget items accurately, and ensure operators are maintaining cannabis regulatory compliance
- Facilitate better visibility into validation of tax reporting to the County to help ensure operators are maintaining tax compliance

Membership Value

- Community of other county users to share expertise and experiences
- Opportunity to meet regularly with NCS to walk through METRC data, identify anomalies, ask questions, and better understand the data that licensees report
- Use reports to inform compliance efforts with current staffing resources
- Staff will evaluate forming a Cannabis Compliance Task Force led by the CEO's office joined by Sheriff, Planning & Development, Treasurer-Tax Collector, and the Agricultural Commissioners Offices, to follow up on the data through site inspections, and direct correspondence

CCA Cost

- Funded by a fee developed by the JPA governing board, calculated for each entity, and dependent upon the total sales within the jurisdiction.
- Santa Barbara County membership fee is \$500,000 annually.
- Staff worked with CCA staff and board to negotiate capped, fixed cost that is significantly lower than the cost originally quoted based on their pricing algorithm.
- Cost is approximately 3% of projected revenue for the current fiscal year and using the data available through CCA membership has the potential to re-coup cost in taxes on possible oversights and under-reporting.

Representation on CCA Board of Directors

- The Authority is governed by a Board of Directors.
- Each member county is entitled to participate and be represented by a designee on the JPA Board of Directors.
- Staff recommends that the Board appoint the County Executive Officer or their designee(s) to serve on the Board and two representatives, an Assistant CEO, and the Budget Director to serve as alternates.

QUESTIONS

Jeff Frapwell

Assistant County Executive Officer

jfrapwell@countyofsb.org

Brittany Heaton

Principal Analyst - Cannabis

brheaton@countyofsb.org