

## FY 2021-22 Budget Hearings Board Inquiry Form

Board Member	
Williams	
Hart	
Hartmann	
Nelson	
Lavagnino	X

Inquiry Number: 004

Department: CEO  
 Date: 6/6/21  
 Page(s) of PowerPoint:

**Request/Question:**

- 1) When did the BOS change the policy to allocate cannabis revenue to ongoing projects, or, if it wasn't at the direction of the BOS, who made the decision and why?
- 2) Please detail what programs and employee positions are currently funded by, or are anticipated to be funded by, cannabis revenue in this budget.

The Board does not have a policy that specifically states cannabis revenue can only be used for one-time expenses. However, the FY 2021-22 Budget Development Policies Policy 3.a., on fiscal stability, states:

Fund ongoing operations with ongoing revenue. One-time revenues should be dedicated for one-time expenditures. **Revenue sources with significant variability from year to year, or those with an unpredictable basis, should only use the stable portion, if any, for ongoing operations.** The remainder should be used for one-time expenditures. In some cases, the use of one-time funds may be permitted to ease the transition to downsized or reorganized operations.

At the Budget Workshops in April 2021, the CEO's Office presented a proposal to consider 75% of cannabis tax revenue as stable and ongoing, and thus available for allocation to ongoing uses per the FY 2021-22 Budget Development Policies.

The rationale for considering up to 75% of revenue as stable and ongoing was the fact that cannabis revenues continue to exceed estimates every year, and it is likely that, with the establishment of a prudent reserve, as well as only spending *up to* 75% of ongoing cannabis revenues on ongoing uses, sufficient cushion exists should a precipitous fall in this revenue source occur, and the goal of Policy 3.a on fiscal stability is achieved.

There was general agreement among a majority of Board members at the April Workshops that recognizing a portion of cannabis tax revenue as stable and ongoing source made sense, and a clear consensus that presenting how exactly cannabis revenue is being spent is desirable (attached to this BIF, and presented in the CEO Presentation at the Hearings, is a breakdown of existing and recommended cannabis expenditures).

The CEO reiterated during Board deliberations that the FY 2021-22 recommended budget that came back at June budget hearings would consider *up to* 75% of cannabis revenue as ongoing, and committed to returning in December with budget development policies for the following fiscal year that clearly defines a cannabis tax revenue expenditure policy.

The concept of considering a portion of cannabis for ongoing purposes was also in part to address critical needs of departments that have been deferred due to limited GFC. Much of the GFC growth over the past several years has predominantly gone towards major commitments, such as the Northern Branch Jail operations plan (\$17.1 M), Fire tax shift (\$12M) and pension cost increases (\$36 M for all funds since 2017-18). GFC growth also pays for annual labor and liability cost increases and minimizing service level impacts by keeping departments at status quo levels.

- 2) See attached for a table that outlines programs and FTE funded by cannabis revenue in the FY 2021-22 Recommended Budget.

**FY 2021-22 Recommended Uses of Cannabis Tax Revenue**

	Ongoing	One-time	FTE
<b>Recommended Uses - Existing</b>			
Countywide Enforcement Costs	\$3,081,400		11.0
PHD - Cannabis Education	\$100,000		0.5
CEO-Cannabis Program Administration	\$1,098,600		2.0
Counsel - BOS Approved Deputy CoCo	\$262,500		1.0
TTC - Cannabis Collection	\$133,300		1.0
P&D - Appeals Costs		\$370,000	
P&D LRP 2 Planners	\$233,100		2.0
P&D - Utility Grade Solar Ordinance		\$171,000	
P&D - Strategic Plan		\$90,000	
CSD - Library Funding	\$658,700		
PW/GS/CSD - 18% Deferred Maintenance Allocation	\$2,419,400		
<i>Subtotal of Recommended Existing Uses</i>	<i>\$7,987,000</i>	<i>\$631,000</i>	<i>17.5</i>
<b>Recommended Uses - New</b>			
CEO-Cannabis Program Administration	\$135,000	\$135,000	2.0
TTC - Cannabis Tax Compliance Ent Ldr	\$219,400		1.0
GCP - Cannabis Education Set-Aside	\$160,000		
CRA - Voter's Choice Act Staffing	\$105,000		1.0
GCP - Bi-lingual Translation Services	\$50,000		
GS - Capital Projects Manager & Contract Support	\$190,000	\$550,000	1.0
GCP - Unanticipated Contractual Cost Increases	\$2,052,000		
GCP - IHSS MOU Increase	\$300,000		
GCP - CIT Set-Aside	\$500,000		
GCP - Homeless Shelter Operating Costs Set-Aside	\$500,000		
CRA - VCA Set-Aside	\$350,000		
Sheriff - Body Worn Cameras	\$313,000		1.0
Probation - Pre-Trial Supervision	\$270,400		2.0
DA - eSCARS Coordinator	\$124,600		1.0
Pub Def - IT Staff	\$118,600		1.0
Pub Def - Fiscal Staff	\$112,000		1.0
P&D - Cannabis Supervising Planner and Planner III		\$140,400	2.0
GCP - Equity Set Aside		\$500,000	
GCP - Employee Housing Study		\$245,000	
GCP - Public Bank Study		\$25,000	
PW - Floradale Bridge Project		\$993,000	
GCP - Criminal Justice Data Dashboard		\$250,000	
GS - Foothills Forever Preserve		\$2,000,000	
CSD - Local Match Conservancy Grants		\$100,000	
<i>Subtotal of Recommended New Uses</i>	<i>\$5,500,000</i>	<i>\$4,938,400</i>	<i>13.0</i>
<b>Grand Total Recommended Uses</b>	<b>\$13,487,000</b>	<b>\$5,569,400</b>	<b>30.5</b>