

Cannabis Industry Tax Oversight Committee

Thursday, February 10, 2022

4:00 PM - 5:00 PM

Join Virtual Meeting via Zoom:

<https://tinyurl.com/2pkxesvj>

Meeting ID: 851 4574 5111

Passcode: 493753

Phone: 1-669-900-9128

Agenda

1. Introductions
2. Public Comment – Items Not on The Agenda
3. Cannabis Program Overview –
 - Danielle O’Leary, Director of Economic Development + Innovation
 - Victoria Lim, Senior Management Analyst, Economic Development
4. Financial Audit Presentation –
 - Nadine Hade, Finance Director
5. Questions
6. Adjournment



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Economic Development

Prepared by: Danielle O'Leary,
Economic Development Director

City Manager Approval: _____

TOPIC: ANNUAL MEASURE G OVERSIGHT COMMITTEE REPORT

**SUBJECT: MEASURE G CANNABIS BUSINESS TAX OVERSIGHT COMMITTEE
REPORT FOR FISCAL YEAR 2019-2020**

RECOMMENDATION: ACCEPT REPORT

BACKGROUND: On March 6, 2018, the San Rafael City Council voted by [Resolution 14542](#) to place Measure G, the Commercial Cannabis Business Tax on the June 5, 2018 ballot. [Ordinance 1961](#) was approved by San Rafael voters establishing an ongoing tax on cannabis businesses of up to 8% on gross receipts for cannabis businesses operating in the City of San Rafael. Different sectors of the cannabis industry are taxed at different tax rate structures. Currently, testing labs are taxed at 1%, cannabis infusion manufacturers at 3%, cannabis wholesale distribution at 1%, and cannabis retail non-storefront delivery at 4%.

Similar to previous voter measures, Measure S and Measure E, the enabling Cannabis Business Tax Ordinance for Measure G called for the creation of an independent oversight committee to review the collection and expenditure of this tax revenue. The committee was established on October 21, 2019 by City Council [Resolution No. 14731](#), which set forth the roles, responsibilities and duties of the committee. On [February 18, 2020](#), the City Council appointed five members of the public to the committee. The current members are:

- Drew Bulfer – February 18, 2020 to February 28, 2022
- Abi Rivas - February 18, 2020 to February 28, 2024
- Stephen Roth – February 18, 2020 to February 28, 2024
- Erik Revai – February 18, 2020 to February 28, 2024
- Jennifer Dye - February 18, 2020 to February 28, 2022

The purpose of this report is to present and recommend acceptance of the Measure G Oversight Committee report of December 17, 2020 (Exhibit A).

FOR CITY CLERK ONLY

Council Meeting: February 1, 2021

Disposition: Accepted report

ANALYSIS:

The Measure G Oversight Committee met virtually on December 17, 2020, to review the actual Measure G revenues and expenditures for fiscal year 2019-2020. Staff reported that during the fiscal year 2019-2020, \$410,133 of Measure G Cannabis Business Tax proceeds were expended. Authorized Measure G expenditures to maintain/enhance City of San Rafael services include:

- Administer a cannabis oversight program
- Enhance police and fire services
- Repair potholes, maintaining city streets and sidewalks
- Enhance community centers and facilities

The Measure G Cannabis Business Tax Oversight Committee’s report provides the Committee’s conclusions that Measure G revenues received during fiscal year 2019-2020, were “properly allocated in accordance with Measure G and approved guidelines.”

FISCAL IMPACT: There is no fiscal impact associated with the acceptance of the Measure G Cannabis Business Tax Oversight Committee report.

RECOMMENDED ACTION: Accept the Measure G Cannabis Business Tax Oversight Committee Report for Fiscal Year 2019-2020.

ATTACHMENT:

Exhibit A: Measure G Oversight Committee Report

City of San Rafael
Measure G Oversight Committee Report

February 10, 2022

The City of San Rafael Measure G Oversight Committee met on February 10, 2022, and received a report from the City of San Rafael’s Finance Director, Nadine Atieh Hade on the receipt and expenditure of funds during the fiscal year July 1, 2020 to June 30, 2021 pursuant to voter approved Measure G (San Rafael Ordinance 1961).

The Measure G Oversight Committee is required to review the collections and expenditures of Measure G funds, and report to the City Council and the community annually on the expenditures under Guidelines and Policy adopted by the San Rafael City Council.

After review, the Measure G Oversight Committee finds that these funds were properly allocated in accordance with the Measure and approved guidelines.

Respectfully Submitted:

Approved via email 02/10/2022 _____ Erik Revai, Measure G Oversight

Approved via email 02/10/2022 _____ Abi Rivas, Measure G Oversight

Approved via email 02/10/2022 _____ Chuck Friede, Measure G Oversight

CITY OF SAN RAFAEL
 MEASURE G - CANNABIS BALANCE SHEET
 FOR THE YEAR ENDED JUNE 30, 2021

ASSETS	
Cash and investments	\$ 421,824
Restricted cash and investments	
Receivables:	
Accounts	
Taxes	140,774
Grants	
Interest	
Loans	
Prepays	
Total Assets	<u><u>562,598</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	
Deposits payable	
Developer deposits payable	
Due to other funds	
Unearned revenue	
Total Liabilities	<u><u>-</u></u>
Fund Balance:	
Nonspendable	
Restricted	\$ 562,598
Committed	
Assigned	
Unassigned	
Total Fund Balances	<u><u>562,598</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 562,598</u></u>

CITY OF SAN RAFAEL
MEASURE G - CANNABIS STATEMENT OF REVENUES,
EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES	
Taxes and special assessments	\$ 628,118
Fines and forfeitures	
Use of money and properties	
Intergovernmental	
Charges for services	
Other revenue	
Total Revenues	<u><u>628,118</u></u>
EXPENDITURES	
Current:	
General government	107,033
Public safety	34,460
Public works and parks	
Culture and recreation	
Capital outlay	
Total Expenditures	<u><u>141,493</u></u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	
	<u><u>486,625</u></u>
OTHER FINANCING SOURCES (USES)	
Transfer in	
Transfer out	
Total Other Financing Sources (Uses)	<u><u> </u></u>
Net Change in Fund Balance	486,625
Fund Balance, Beginning	<u>75,973</u>
Fund Balance, Ending	<u><u>\$ 562,598</u></u>

Expenditure Status Report
 Measure G - Cannabis
 CITY OF SAN RAFAEL
 7/1/2020 through 6/30/2021

<u>Account Number</u>		<u>Adjusted Appropriation</u>	<u>Expenditures</u>	<u>Year-to-date Expenditures</u>	<u>Year-to-date Encumbrances</u>	<u>Balance</u>	<u>Prct Used</u>
216	Measure G - Cannabis						
216-10	Finance Department						
216-10-8000	Personnel Services						
216-10-41001-8111	Classified Personnel	13,007.28	12,055.45	12,055.45	0.00	951.83	92.68
216-10-41001-8321	Group Life/Health Insurance	2,128.08	2,165.16	2,165.16	0.00	-37.08	101.74
216-10-41001-8324	Medicare Tax	165.03	175.21	175.21	0.00	-10.18	106.17
216-10-41001-8325	Internal Service Chgs-Workers Comp	308.40	329.81	329.81	0.00	-21.41	106.94
216-10-41001-8326	Retirement	7,039.44	6,867.94	6,867.94	0.00	171.50	97.56
216-10-41001-8328	Internal Service Chgs-Dental Insurance	135.60	135.59	135.59	0.00	0.01	99.99
216-10-41001-8331	Internal Service-Chgs-Leave Payout	1,328.16	1,295.76	1,295.76	0.00	32.40	97.56
216-10-41001-8332	Vision Plan	15.24	15.15	15.15	0.00	0.09	99.41
	Total Finance Department	24,127.23	23,040.07	23,040.07	0.00	1,087.16	95.49
216-31	Police Department						
216-31-8000	Personnel Services						
216-31-41001-8101	Shift Differential	0.00	390.03	390.03	0.00	-390.03	0.00
216-31-41001-8109	Light/Modified Duty Pay	0.00	439.69	439.69	0.00	-439.69	0.00
216-31-41001-8111	Classified Personnel	13,261.20	12,498.06	12,498.06	0.00	763.14	94.25
216-31-41001-8113	Overtime Pay	0.00	2,715.43	2,715.43	0.00	-2,715.43	0.00
216-31-41001-8114	Holiday Pay	0.00	727.20	727.20	0.00	-727.20	0.00
216-31-41001-8115	Education Incentive Pay	663.00	646.92	646.92	0.00	16.08	97.57
216-31-41001-8122	Specialty Pay	663.12	646.80	646.80	0.00	16.32	97.54
216-31-41001-8123	Specialty Pay-SWAT	331.56	323.40	323.40	0.00	8.16	97.54
216-31-41001-8127	Uniform Allowance	0.00	146.00	146.00	0.00	-146.00	0.00
216-31-41001-8321	Group Life/Health Insurance	911.28	928.35	928.35	0.00	-17.07	101.87
216-31-41001-8324	Medicare Tax	216.12	268.52	268.52	0.00	-52.40	124.25
216-31-41001-8325	Internal Service Chgs-Workers Comp	1,503.84	1,579.92	1,579.92	0.00	-76.08	105.06
216-31-41001-8326	Retirement	11,022.12	11,686.77	11,686.77	0.00	-664.65	106.03
216-31-41001-8328	Internal Service Chgs-Dental Insurance	135.60	135.84	135.84	0.00	-0.24	100.18
216-31-41001-8331	Internal Service-Chgs-Leave Payout	1,353.96	1,321.06	1,321.06	0.00	32.90	97.57
216-31-41001-8332	Vision Plan	6.36	6.31	6.31	0.00	0.05	99.21
	Total Police Department	30,068.16	34,460.30	34,460.30	0.00	-4,392.14	114.61

Expenditure Status Report
 Measure G - Cannabis
 CITY OF SAN RAFAEL
 7/1/2020 through 6/30/2021

<u>Account Number</u>	<u>Adjusted Appropriation</u>	<u>Expenditures</u>	<u>Year-to-date Expenditures</u>	<u>Year-to-date Encumbrances</u>	<u>Balance</u>	<u>Prct Used</u>
216-90 Economic Development Department						
216-90-8000 Personnel Services						
216-90-41001-8101 Shift Differential	400.00	0.00	0.00	0.00	400.00	0.00
216-90-41001-8109 Light/Modified Duty Pay	300.00	0.00	0.00	0.00	300.00	0.00
216-90-41001-8111 Classified Personnel	186,358.44	32,487.33	32,487.33	0.00	153,871.11	17.43
216-90-41001-8114 Holiday Pay	1,000.00	0.00	0.00	0.00	1,000.00	0.00
216-90-41001-8115 Education Incentive Pay	647.00	0.00	0.00	0.00	647.00	0.00
216-90-41001-8117 Automobile Allowance	630.00	630.00	630.00	0.00	0.00	100.00
216-90-41001-8122 Specialty Pay	647.00	0.00	0.00	0.00	647.00	0.00
216-90-41001-8123 Specialty Pay-SWAT	323.00	0.00	0.00	0.00	323.00	0.00
216-90-41001-8127 Uniform Allowance	146.00	0.00	0.00	0.00	146.00	0.00
216-90-41001-8321 Group Life/Health Insurance	4,103.65	3,802.07	3,802.07	0.00	301.58	92.65
216-90-41001-8324 Medicare Tax	570.60	510.53	510.53	0.00	60.07	89.47
216-90-41001-8325 Internal Service Chgs-Workers Comp	436.80	391.15	391.15	0.00	45.65	89.55
216-90-41001-8326 Retirement	20,857.20	17,479.20	17,479.20	0.00	3,378.00	83.80
216-90-41001-8328 Internal Service Chgs-Dental Insurance	338.88	282.37	282.37	0.00	56.51	83.32
216-90-41001-8331 Internal Service-Chgs-Leave Payout	4,017.60	3,385.32	3,385.32	0.00	632.28	84.26
216-90-41001-8332 Vision Plan	29.16	26.49	26.49	0.00	2.67	90.84
Total Personnel Services	220,805.33	58,994.46	58,994.46	0.00	161,810.87	26.72
216-90-9000 Non-Personnel Services						
216-90-41001-9555 Software Licensing	25,000.00	25,000.00	25,000.00	0.00	0.00	100.00
Total Non-Personnel Services	25,000.00	25,000.00	25,000.00	0.00	0.00	100.00
Total Economic Development Department	245,805.33	83,994.46	83,994.46	0.00	161,810.87	34.17
Total Measure G - Cannabis	300,000.72	141,494.83	141,494.83	0.00	158,505.89	47.16
Grand Total	300,000.72	141,494.83	141,494.83	0.00	158,505.89	47.16