

Cannabis Control Board
Budget Adjustment Request; House Committee on Appropriations
January 11, 2023

Medical Program Interim Database

As of fiscal year 2024, the Cannabis Control Board took over an existing contract that the Department of Public Safety held for the use of Visual Vault, the current program in use for managing the medical cannabis registry. To consolidate operating and maintenance costs, the Board's long-term strategy is to integrate the medical program database into the software used for adult-use licensing. However, the IT project has moved slower than expected and as a result we must continue to use Visual Vault for another year until this functionality is built into our adult-use licensing database. The CCB is seeking the spending authority to support extending the contract for Visual Vault for one year. The Board is requesting \$55,120 for this expense, which is the amount stipulated in the contract, and expected to be invoiced in May 2024.

Office Space

The CCB has grown rapidly since the Board was appointed in 2021. Our original office space could accommodate the original team of 7-8 people. Since then we have grown to over 20 FTE positions. As a result, the CCB has worked with BGS over the last year on securing an appropriately sized office space for the full team. Lease negotiations took place over the summer and fall and the final lease agreement was signed in September. The Board is requesting additional spending authority to cover the increased cost of the monthly fee for space. This increased cost for office space for the remainder of the fiscal year is \$16,169.

Additionally, the new lease agreement does not include electricity expenses. Prior year invoices show the average electric costs to be approximately \$750.00 per month for the new space and the Board anticipates moving as early as February 2024. We are requesting the equivalent of 5 months' electric expenses to assist in covering these costs.

Cannabis Quality Control Laboratory

Last year's Budget Adjustment bill authorized the CCB to create a cannabis quality control laboratory to support the agency's work to ensure that products sold in the state are safe and compliant. The Board was unable to anticipate the space rental expense for the laboratory when developing the FY24 budget due to the timing of the authorization. Based on the BGS Space Book from 2022 for the proposed siting of the CCB's lab, we anticipate an annual fee for space expense of \$27,631.

The Board is requesting a total of \$43,800 increase to the base budget to cover the lease amounts for the lab and new office space.

As a part of the authorization for the lab, the legislature appropriated to the CCB 850,000 for lab equipment (\$500,000) and three new lab positions (\$350,000). Last fall the Board put out requisitions for the major pieces of equipment and received bids from several vendors. With the bids received, it is now expected that the equipment alone will come to approximately \$625,000. The Board is requesting the additional \$125,000 as a one-time adjustment to cover the difference in what was originally provided and the actual costs of the equipment.

Licensing Software Development

The Cannabis Control Board is also entering into Phase II of the IT development project for the licensing software. The Phase II project implementation is expected to begin in the current fiscal year and continue into FY2025. The scope covered in Phase II includes enhancements to the existing software such as integration of complaint, investigation, and enforcement tracking; appeals docketing, and incorporation of the medical cannabis program. Phase I exceeded the costs originally anticipated by ADS and the Board is now actively working on increasing our internal oversight of the Phase II project to minimize the expenses moving forward. The Board is in the process of hiring a Data Manager to support this effort. The Board is requesting \$250,000 to continue to support this phase of development. This is requested as one time funding to assist in driving the project forward.