



**SAN FRANCISCO STATE
CANNABIS LEGALIZATION
TASK FORCE**

**YEAR II REPORT AND
RECOMMENDATIONS**

**Prepared by the San Francisco Department of Public Health
and Harder+Company Community Research**

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Message from the Task Force Chairs

As chair and co-chairs of the Task Force charged with proposing cannabis policy to the Board of Supervisors, we are proud to present our second year's report containing over 80 recommendations in 3 policy areas. These recommendations were created through a consensus process, where all voting members studied, discussed, and came to unified agreement or modified consensus on each. Where appropriate, the differing reasoning is noted.

We thank the City Departments and their attending representatives, all of whom participated fully in the information gathering, questioning, and resolution phases of our second year's work. We also thank the members of the public who not only participated in public comment, but who were willing to share their thoughts with the team through policy papers and other forms of communication. These lenses are essential to create thoughtful, effective recommendations that support a burgeoning industry as well as the residents and guests of our city.

Our work in Year Two focused our recommendations in subject areas more clearly organized in the topic areas of Prop 64, passed into law at the start of this year's work. The structure, thanks in large measure to the wide knowledge base represented by the taskforce members, is organized into Social Justice, Retail and Non-Retail licensing and Land Use policy areas. As we entered Q4 of the year, we refined our study areas to reflect the priority issues being raised by the Board.

We are grateful for the professional and dedicated coordination team at the Department of Public Health including; Mavis Asiedu-Frimpong, Gretchen Paule, Israel Nieves-Rivera, and Nicole Sandberg. Transition of the Taskforce oversight to the Office of Cannabis under the leadership of Director Nicole Elliott will strengthen the usefulness of this body in complex regulation process ahead.

We trust this report will serve as a resource for the complex implementation process ahead and set the stage for other urban environments that aspire to implement carefully considered and planned policy.

Respectfully submitted,

Terrance Alan, Chair

Sara Payan and Jennifer Garcia, Co-Chairs

Executive Summary

In November 2016, California voters legalized the use, possession and retail sale of nonmedical or adult use, cannabis across the State via Proposition 64 – the “Adult Use of Marijuana Act.” The Proposition also established a State-level regulatory system for the commercial cannabis industry. Under this regulatory system, individuals wishing to participate in the commercial cultivation, manufacture, distribution and/or retail sale of adult use cannabis will require a State license and maintain compliance with any regulations promulgated by other State regulatory agencies. The Proposition tasked State licensing authorities to begin issuing licenses by January 1, 2018. In addition to the State license, a cannabis business must also obtain a local authorization, license, or permit, if required by the local jurisdiction. Thus, following passage of the Proposition, policymakers and regulatory agencies across California began implementation efforts in anticipation of issuing licenses at the start of 2018.

During 2017, there were a number of cannabis legislative and regulatory developments at the State and local levels. These legislative and regulatory updates are comprehensively covered in the collection of Year II Task Force issue briefs, which can be accessed on the [Task Force website](#). Key developments in the cannabis legislative landscape at the State-level and in San Francisco include, but are not limited to, the following:

- The California Legislature passed Senate Bill 94, which combined the medicinal (Medical Cannabis Regulation and Safety Act) and adult use (Adult Use of Marijuana Act) cannabis regulatory structures into one framework (Medicinal and Adult-Use Cannabis Regulation and Safety Act).
- The San Francisco Board of Supervisors introduced and passed legislation to establish a comprehensive local regulatory structure for commercial cannabis business activity.
- The San Francisco Board of Supervisors passed legislation establishing the Office of Cannabis, which resides under the Office of the City Administrator, to oversee implementation of the City’s cannabis regulatory scheme. The aforementioned legislation also extends the active period of the Task Force to December 2018 and extends the terms of all Task Force members until the termination of the Task Force.

The Task Force will now be active for a three –year period, which began January 2016 and is scheduled to sunset December 31, 2018. As was the case in Year I, the Task Force continued to discuss various policy issues related to adult use cannabis legalization, with a particular focus on implementation in San Francisco now that legalization of cannabis for adult use was a reality across the State. Over the course of its second year, using the Year I recommendations as a foundation, the Task Force designed a set of approximately ninety recommendations across various topic areas. The recommendations included in this report fall into four main categories, and are the culmination of research and analysis, expert testimony, and discussions among Task Force Members.

- Non-Retail Licensing
- Land Use
- Retail Licensing
- Social Justice

In light of San Francisco policymakers concurrently introducing local cannabis legislation during Year II of the Task Force active period, the Task Force reviewed the proposed local ordinances, developed formal responses, and submitted these responses to City policymakers for consideration. The Task Force created two responses to proposed provisions in San Francisco cannabis legislation – (1) local cannabis ordinance; and (2) Equity Program – and one recommendation regarding local agency oversight.

This report outlines the Task Force’s recommendation drafting process and a full set of recommendations that the Task Force encourages the City to consider in order to successfully develop and implement its cannabis regulatory structure. In Year III of its active period, the Task Force will monitor ongoing policy development and implementation progress and continue in its advisory role to City policymakers.

1. INTRODUCTION

Project Design

Year II of the San Francisco State Cannabis Legalization Task Force began in February 2017, and concluded in December of that year. The Task Force currently consists of 22 seats, the first seven of which are held by non-voting government bodies, and the remaining seats by voting member from various sectors, including advocacy, business, and tourism. Current Task Force member seats as of December 2017 are included in this report as Appendix A.

The Task Force conducted, at minimum, monthly public meetings, over its Year II period, with time allotted during each meeting for public comment. The overarching Year II goal was to draft a set of recommendations in the following four main areas:

- Non-Retail Licensing
- Land Use
- Retail Licensing
- Social Justice

The Year II recommendation categories build upon the Year I recommendations to develop specific regulatory recommendations focused on implementation of a local adult use legalization framework for Proposition 64. Task Force members identified the following considerations to inform the development of the Year II categories: prioritize licensing, incorporate the intersection between licensing and other topics, and allow for sufficient consideration of other topics outside of licensing. The visual on the next page depicts the evolution of the recommendation categories from Year I to Year II.

In preparation for the recommendation drafting process, the Task Force used a similar process as Year I, utilizing information from research, subject matter experts, and in-depth discussions to develop Year II recommendations. Task Force coordinators and consultants prepared issue briefs for the Task Force and the public as part of the information-sharing process. These issue briefs focused on the national cannabis policy landscape, experiences⁷ of other states and that have legalized cannabis for adult use, and State and local legislative and regulatory updates in California. The collection of issue briefs can be accessed on the [Task Force website](#). The Task Force also invited experts in each topic area to provide additional information and context for meeting discussions. Meeting activities included small and large group discussions to identify and reflect upon priority areas and spotlight panel presentations from subject matter experts who shared insights from their respective fields. Task Force coordinators also provided recommendation drafting packets for each topic area that included brainstorming questions based on previous Task Force discussions and a set of Year I recommendations for reference.

Task Force members worked in small groups to draft each set of recommendations, and the full Task force then reviewed, edited, and approved each recommendation via a consensus-building

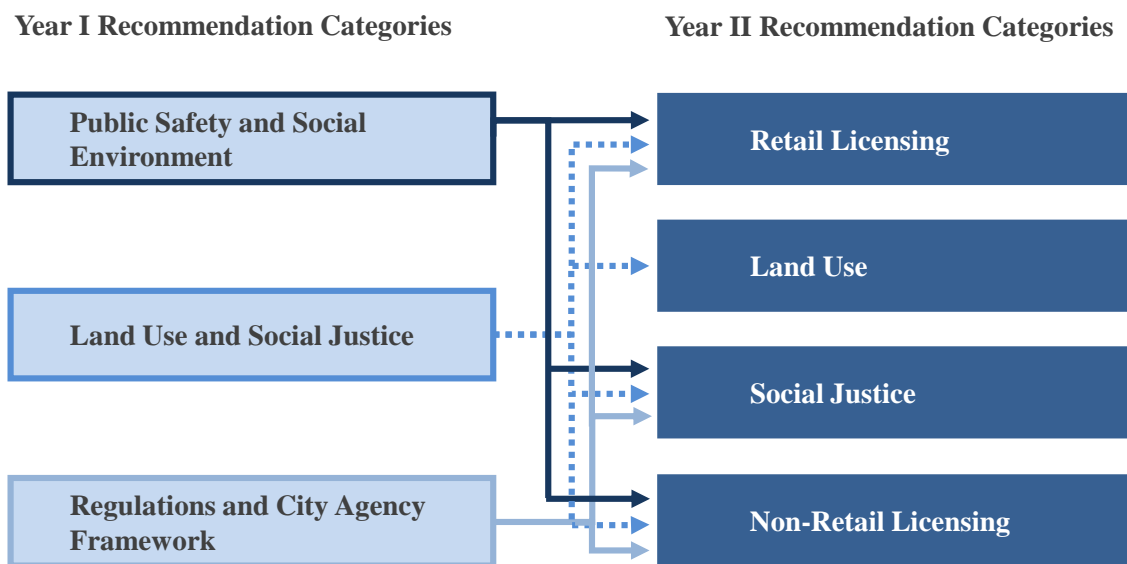
process. In instances where the Task Force reached modified consensus, Task Force members expressed concern for a specific recommendation but a majority of Task Force members agreed to move it forward, the discussion points and concerns were noted as part of the recommendation.

During the Task Force’s second year, San Francisco policymakers introduced and passed local legislation to establish a comprehensive regulatory structure for commercial cannabis business activity. As draft ordinances moved through the legislative process, the Task Force reviewed and discussed proposed provisions of the legislation, identified areas for potential amendment, and submitted formal responses to City policymakers for consideration. In addition to the recommendations developed in the categories of non-retail licensing, land use, retail licensing, and social justice, the Task Force developed formal responses and recommendations to San Francisco’s cannabis legislation in the following areas:

- Local Agency Oversight
- Local Cannabis Ordinance (introduced September 26th, 2017)
- Proposed Equity Program

The report and recommendations will be presented to the San Francisco Board of Supervisors in February 2018.

Evolution of Recommendation Categories from Year I to Year II



2. YEAR II RECOMMENDATIONS

Recommendation Overview

As discussed in the Project Design section of this report, San Francisco’s State Cannabis Legalization Task Force developed the Year II recommendations in four categories: Non-Retail Licensing; Land Use; Retail Licensing; and Social Justice. The Year I recommendations were organized by three categories: Public Safety and Social Environment; Land Use and Social Justice; and Regulation and City Agency Framework. Each main category in Year I and Year II consist of several sub-categories and topic areas. An overview of the recommendation organization structure for Year II and Year I is presented in the below table.

Year II Recommendation Overview

Year II Recommendation Category	Recommendation Sub-Category	Topic Area	Recommendation Number(s)
Non-Retail Licensing	Technical	Non-Retail Licensing Elements: General	1-7
		Non-Retail Licensing Elements: Licensing Requirements	8-11
		Dual Medical and Adult Cannabis Licensing	12
		Personal Cultivation	13
	Social Justice	Strategies	14-17
		Stakeholders	18
	Community Engagement	Strategies	19-23
		Stakeholders	24
		Tourism and Hospitality	25-27
		Youth Access and Exposure	23-29
Land Use	Cross-Cutting: Technical and Community Engagement	Land Use Types	1
		Land Use Landscape	2-8

Year II Recommendation Category	Recommendation Sub-Category	Topic Area	Recommendation Number(s)
Land Use (cont.)	Technical	Land Use Types	9-10
		Land Use Landscape	11
		Zoning Application Standards	12
	Community Engagement	Application Process	13-17
Retail Licensing	Technical	Retail Licensing Elements	1-12
		Retail Licensing Elements: Licensing Requirements	13-16
		Onsite Consumption	17-21
		Non-Profit Licensing	22-23
		Tourism and Hospitality	24-25
	Social Justice	Strategies	26-30
		Stakeholders	31
	Community Engagement	Strategies	32-35
		Stakeholders	36
		Tourism and Hospitality	37-41
		Youth Access and Exposure	42-44
	Social Justice	Workforce Development	Strategies
Business Ownership		Strategies	3-4
Cross-Cutting: Workforce Development and Business Ownership		Social Justice Revenue Allocation	5-6
		Data Collection	7
Local Agency Oversight			1

Year I Recommendation Overview

Year I Recommendation Category	Recommendation Sub-Category	Topic Area	Recommendation Number(s)	
Public Safety and Social Environment (PSSE)	Public Safety	Driving Under the Influence	1-3	
		Neighborhood Safety	4-5	
		San Francisco Police Department (SFPD) Enforcement and Training Priorities	6	
	Public Consumption	Meaning of the Word “public”	7-9	
		On-site Consumption per Proposition 64	10-11	
		Overconsumption and Encouraging Safe and Responsible use Across the City	12	
	Youth Access and Exposure	Education	13-17	
		Preventing Sales to Minors	18	
		Advertising	19-22	
		Criminal Diversion and Decriminalization Options for Youth	23	
		Youth Protection	24-25	
	Tourism/ Hospitality	San Francisco Cannabis Culture	26-28	
		Tourist and Resident Experiences	29-30	
	Land Use and Social Justice (LUSJ)	Land Use	Non-Retail Uses	1-2
			Retail Uses	3-12
MCD and Adult Use Retail Zoning Approval Processes			13-14	
Social Justice/ Workforce Development		Successful Workforce	15-23	

Year I Recommendation Category	Recommendation Sub-Category	Topic Area	Recommendation Number(s)
Land Use and Social Justice (cont.)	Social Justice/ Workforce Development (cont.)	Entrepreneurship Opportunities	24-25
		Proposition 64 Community Reinvestment Grants	26-27
		Social Justice	28-31
Regulation and City Agency Framework (RCAF)	Licensing	Licensing - Local Industry Licenses	1-5
		Licensing - Local Workforce Licensing	6
		Licensing – Non-Profit Licenses	7
		Deliveries	8-11
		MCDs and Adult Use Market Participation	12-14
	Taxation and Revenue	Taxation	15-17
		Revenue Allocation Priorities	18
		Data Collection	19
	Agency Oversight	Local Regulatory and Regulatory Oversight Structure	20-21
		Local Agency Collaboration	22
		Track and Trace	23

Recommendations

Over the course of Year II, Task Force Members developed 98 recommendations, as outlined and noted in the tables. Task Force developed the recommendations utilizing information from a variety of sources, including but not limited to, issue briefs, spotlight panel presentations, and small and large group Task Force discussions. To guide Task Force Members in developing recommendations in key areas, Task Force Coordinators prepared Recommendation Framework Documents, (Appendix B) which included brainstorming questions to organize discussion within each recommendation category. Task Force Members reached full consensus on the majority of recommendations; the recommendation areas where Task Force Members reached modified consensus are indicated in italics.

Non-Retail Licensing

	#	Recommendation
Recommendation Sub-Category: Technical		
Non-Retail Licensing Elements: General	1	San Francisco should make local permits for non-retail businesses available for all MAUCRSA license categories and microbusinesses. San Francisco should not license large cultivation though State permit 3 or permit 5.
	2	<p>In addition to the State-defined license types, the following local license types should be created:</p> <ul style="list-style-type: none"> • New category: Virtual dispensary (i.e. physical location used for delivery with no walk- in retail) • New category: Manufacturing 6B Special baking/cooking license • New category: Consumption lounge, bring your own product (entertainment, restaurants, yoga studio, gym) • New Category: Temporary Events, Cannabis Cup/Cultural Events, and Farmers Market examples <p>The above licenses would not include retail activity, except in the case of microbusinesses. Consumption lounges and temporary events should be allowed in San Francisco. The City should look into whether a license is necessary in these cases.</p> <p>*Note: Manufacturing 6B, consumption lounge and events with retail activity addressed under retail licensing recommendations.</p>
	3	San Francisco should issue standalone permits for non-retail businesses; meaning no previous affiliation with medical cannabis dispensaries would be required as part of the licensing process.
	4	The non-retail permitting process in San Francisco should be streamlined and efficient.

Non-Retail Licensing

	#	Recommendation
Non-Retail Licensing Elements: General (cont.)	5	In the non-retail permitting process, existing permit holders in good standing or those who have been displaced as a result of federal intervention should receive priority processing and licensing status in the City and County of San Francisco. This recommendation should not conflict with Social Justice prioritized permitting processing recommendations.
	6	San Francisco should respond to all State inquiries regarding local permits in a timely manner.
	7	Security and Federal Government: Local Licensing agencies should do everything within their legal power to prevent disclosure of sensitive business and personal information to federal agencies. To reduce the risk of theft, local licensing agencies should keep non-retail facility physical addresses discreet, with mailing addresses as an appropriate way of providing information.
Non-Retail Licensing Elements: Licensing Requirements	8	<p>Existing local and State laws and regulations cover many of the desired requirements for non-retail cannabis businesses. As such, the requirements for non-retail licensing should align with these local and State laws and regulations, including:</p> <ul style="list-style-type: none"> • Board of Equalization (BOE) Sellers permit requirements • Articles of Incorporation • Labor laws • Occupational Safety and Health Administration (OSHA) standards

Non-Retail Licensing

	#	Recommendation
Non-Retail Licensing Elements: Licensing Requirements (cont.)	9	<p>Non-retail license applicants should be required to provide the following supporting documentation to the City of San Francisco, as part of the licensing process, depending on the nature of the of the activity:</p> <ul style="list-style-type: none"> • Hazardous materials and waste storage plan • State nursery program inspection • Building inspections from the Department of Building Inspection (DBI) • Fire Department documentation • Documentation of alignment with Agricultural Department best practices • Security plans
	10	An annual inspection and a review of documents by a licensing agent should be required for non-retail license renewal. The inspection and document review should ensure compliance with State and local regulations and good standing with the Board of Equalization (BOE).
	11	San Francisco should issue local non-retail licenses to the operator, and take steps to ensure that licenses are portable .
Dual Medical and Adult Cannabis Licensing	12	San Francisco should not make a distinction between medical and adult use permitting for non-retail businesses.
Personal Cultivation	13	Personal, noncommercial cultivation should not require a license in San Francisco.
Recommendation Sub Category: Social Justice		
Strategies	14	San Francisco should engage community members in the target populations (people of color, women, transitional-age

Non-Retail Licensing

	#	Recommendation
		youth ages 21-24, and formerly incarcerated persons), workforce development organizations, community-based organizations, and other key stakeholders to develop strategies to reduce economic barriers to enter the cannabis industry as workforce or entrepreneurs.
	15	<p>San Francisco should prioritize the following strategies for development:</p> <p>a) A prioritized permitting process to help operators in the target populations reduce initial start-up costs (e.g. subsidized rent while undergoing permitting process). Existing businesses should be prioritized first, followed by operators in the target population. If the cannabis regulatory agency places a cap on the number of licenses, this prioritization model should be revisited.</p> <p>b) An equity licensing program, which would include:</p> <ul style="list-style-type: none"> • Entrepreneurship grants and other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership (funded by cannabis taxes) • Subsidized permitting and license fees • Access to small business support programs and incubator services, such as the Mission Economic Development Agency (MEDA), SCORE, Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE) programs, and others (funded by cannabis taxes) • Outreach and education to identify eligible demographics and community priorities for equity licensing components <p>Additional strategies could include outreach, education, and incentives customized to entrepreneurs and employees of target demographics, including formerly incarcerated people.</p>
Strategies (cont.)	16	San Francisco should provide a clear, transparent pathway and process for businesses to acquire non-retail licenses, and existing businesses should be allowed to operate for a period of one year while a permit application is in process, including issuing a city licensing compliance process guide, integrated into the SF business portal.

Non-Retail Licensing

	#	Recommendation
	17	San Francisco should ensure local regulatory agencies’ non-cooperation with federal law enforcement authorities via a San Francisco local ordinance. Additionally, the Board of Supervisors should endorse AB 1578 or analogous state legislation for California State law enforcement non-cooperation with federal law enforcement authorities.
Stakeholders	18	<p>The following entities could be involved in the aforementioned social justice-focused efforts:</p> <ul style="list-style-type: none"> • Neighborhood associations • Community business support programs (e.g., MEDA) and other local business associations • City College of San Francisco • Potential and current cannabis employees and entrepreneurs, including formerly incarcerated people, women, and people of color • Landlords • Office of Economic and Workforce Development (OEWD)
Recommendation Sub Category: Community Engagement		
Strategies	19	San Francisco should develop cannabis non-retail business operating standards to form part of the non-retail business permitting process. These standards should ensure that cannabis businesses are “good neighbors” to the communities in which they are located. These standards should be enforced meaningfully by regulatory agencies in a non-discretionary manner (e.g., standard set of rules and consequences, such as citations or notices of violation if rules are broken).
	20	Cannabis non-retail businesses, when located within 300 feet of a Residential or Neighborhood Commercial Zoning District, must conduct a pre-application meeting as part of the licensing process and notify all residents within 300 feet. The licensing entity would oversee this process.

Non-Retail Licensing

	#	Recommendation
	21	The regulatory agency or agencies overseeing the cannabis industry should make cannabis business regulations clear and accessible to the general public so that the public is informed and aware of the regulations.
	22	All employees of non-retail cannabis businesses should receive regulatory compliance training within six months of hiring similar to California Alcohol and Beverage Control LEAD training.
	23	For the sake of public safety, non-retail businesses should not aim to draw unnecessary attention to themselves through signage.
Stakeholders	24	<p>The following entities are stakeholders in the City’s community engagement efforts for non-retail:</p> <ul style="list-style-type: none"> • Businesses • Residents • San Francisco Department of Public Health • San Francisco Police Department • San Francisco Fire Department • San Francisco Unified School District • Office of Economic and Workforce Development (OEWD) • Office of Small Business • Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency
Tourism and Hospitality	25	<p>San Francisco should create a certification program for non-retail tour companies in alignment with existing tour bus regulations. Regulations and clear enforcement processes should be established for bus size, bus drivers, and smoking in vehicles, and to mitigate traffic congestion, safety concerns, noise, odors, and waste as a result of tours. Regulations should also set an upper limit on the number of visitors and tour frequency in order to maintain the non-retail nature of the facility.</p>

Non-Retail Licensing

	#	Recommendation
	26	Public safety education (e.g., regarding specific regulations) should be required for tour companies. Tour companies should be required to distribute cannabis education materials to patrons as part of the tour.
	27	Tour companies should be required to designate a community liaison to address concerns and respond to community inquiries.
Youth Access and Exposure	28	Non-retail tour access should be restricted to people ages 21 and over or in possession of a valid medical cannabis recommendation.
	29	Non-retail cannabis-related waste material should be stored and disposed of securely in order to prevent diversion to youth.

Land Use

	#	Recommendation
Recommendation Sub-Category: Cross-Cutting - Technical and Community Engagement		
Land Use Types	1	<p>San Francisco should allow sales of cannabis products as an accessory use (i.e. where the selling of cannabis is not the location’s primary use), develop regulations to specify how cannabis products should be separated from non-cannabis products and how accessory levels of cannabis product should be defined, and develop mechanisms to enforce these regulations.</p> <p>Options for regulating the sale of cannabis as an accessory use could include:</p> <ol style="list-style-type: none"> a. Limiting the type of cannabis products sold to pre-packaged cannabis products only b. Restricting cannabis products to an area of a business where minors are prohibited c. Enclosing cannabis products in a locked box that an employee would unlock upon request
Land Use Landscape	2	<p>To create a desired mix of businesses and limit displacement of other land use types (e.g., other businesses and housing), San Francisco should:</p> <ol style="list-style-type: none"> a. Expand locations where new cannabis businesses could operate to include all zoning districts where their conventional equivalents are allowed to operate. b. Establish a buffering distance between primary cannabis retail businesses. c. Allow cannabis business that are in compliance with requirements “as of right” in specifically zoned areas. d. Add cannabis retailers to the formula retail list.
	3	<p>Cannabis businesses should be subject to review by an appropriate agency to determine the conditions the business would need to comply with.</p>
	4	<p>San Francisco should also measure this distance with a "path of travel" approach rather than a straight line, parcel to parcel measurement. “Path of travel” is defined as the shortest legal distance travelled on foot from the doorway of the business.</p>

Land Use

	#	Recommendation
Land Use Landscape (cont.)	5	<p>San Francisco should reduce the distance new cannabis retailers can operate in proximity to sensitive uses to 500 feet. Existing MCDs in good standing would be grandfathered, and not be subject to new distance requirements when applying for adult use licenses.</p> <p><i>The Task Force reached modified consensus on a distance of 500 feet from sensitive uses. Discussion points and concerns related to proximity to sensitive uses were as follows:</i></p> <ul style="list-style-type: none"> • <i>A distance of 500 feet was proposed to align with San Francisco’s current distance requirements for tobacco.</i> • <i>Some Task Force members expressed concerns that distances less than the State standard of 600 feet would be contrary to public opinion, and cannabis retailers may be more susceptible to federal raids, business closures, and mandatory sentencing, i.e. harsher sentencing for sale of cannabis within school zones.</i> • <i>Some Task Force members supported a distance less than 500 feet, but agreed to move forward with the aforementioned recommendation.</i>
	6	<p>San Francisco should protect cannabis retailers and other license holders in good standing from the impacts of future sensitive uses that may locate nearby. This means that if a new sensitive use opens within the defined radius of an existing cannabis business, the existing cannabis business should be allowed to continue operation.</p>
	7	<p>Businesses that sell cannabis as an accessory use should undergo a different land use approval process as compared to non-accessory uses.</p>
	8	<p>Existing cannabis businesses should undergo a less restrictive land use approval process as compared to new businesses.</p>

Land Use

	#	Recommendation
Recommendation Sub Category: Technical		
Land Use Types	9	<p>San Francisco should establish a cannabis ‘restaurant/food’ license, with guidelines to prevent cross contamination. Examples of possible guidelines:</p> <ul style="list-style-type: none"> a. Restaurant Infusions Onsite: Required Patron Notification of cannabis products, Chef- prepared onsite for retail sale b. Bakery Prepared onsite retail & wholesale sales c. Commercial Kitchen to permit infusions (e.g., baking with non-volatile substances) d. Accessory Use Permit: Existing small business seeking to add retail cannabis products, specific Land Use approval not required, assuming zoning is appropriate
	10	San Francisco should consider a land use designation for consumption lounge.
Land Use Landscape	11	In determining the proper distribution of cannabis businesses across the City, the main goal is ensuring even distribution and access throughout the city.
Zoning Application Standards	12	San Francisco should allow existing permitted medical cannabis businesses and cannabis businesses that have been closed (as long as they closed in good standing) to have priority consideration in the adult use approval process.
Recommendation Sub Category: Community Engagement		
Application Process	13	Community engagement must be a part of the application review process for cannabis businesses. Policies related to how community engagement is implemented are the charge of the oversight body.

Land Use

	#	Recommendation
Application Process (cont.)	14	There should be a clear application and a clear process based on best practices for cannabis permits and/or licenses. This means that there should be a community engagement process as a minimum standard for both medical and adult use.
	15	The zoning application process for cannabis businesses should require documentation of community engagement activities and maximize opportunities for community engagement early on in the process that are as inclusive as possible.
	16	Different thresholds and expectations should be established for the level of community engagement and review process required for different types of land uses, e.g., a stand-alone cannabis retail store may require more community engagement than a grow house without a public-facing component.
	17	The application criteria and standards should be applied consistently across businesses and should include mechanisms to ensure accountability and include a high level of transparency.

Retail Licensing

	#	Recommendation
Recommendation Sub-Category: Technical		
Retail Licensing Elements	1	San Francisco should make local permits for retail businesses available for all MAUCRSA license categories and microbusinesses.
	2	In addition to the State-defined license types, the following local license types should be created: <ul style="list-style-type: none"> • New category: Manufacturing 6B Special baking/cooking license • New category: Virtual dispensary (i.e. physical location used for delivery with no walk-in retail) • New category: Consumption lounge, bring your own product (entertainment, restaurants, yoga studio, gym) • New Category: Temporary Events, Cannabis Cup/Cultural Events, and Farmers Market examples
	3	The retail permitting process in San Francisco should be streamlined and efficient.
	4	In the retail permitting process, existing permit holders in good standing or those who have been displaced as a result of federal intervention should receive priority processing and licensing status in the City and County of San Francisco. This recommendation should not conflict with Social Justice prioritized permitting processing recommendations.
	5	San Francisco should respond to all State inquiries regarding local permits in a timely manner.
	6	San Francisco should develop meaningful qualitative findings for the Planning Commission and/or other commission(s) to use when reviewing adult use retail applications.

Retail Licensing

	#	Recommendation
Retail Licensing Elements (cont.)	7	<p>San Francisco should develop policies to prevent clustering of adult use cannabis retailers. Strategies may include:</p> <ul style="list-style-type: none"> • Use of “buffer zones” around other adult use retail locations. The distance of these buffer zones should balance both community concerns and business interests, with the aim of preventing too high a concentration of retail locations in a given district while also encouraging healthy competition. • Stricter clustering provisions in Neighborhood Commercial Districts to balance neighborhood concerns, and less strict clustering requirements in other districts, such as Downtown or Industrial districts.
	8	<p>San Francisco should include adult use cannabis retail businesses in existing Formula Retail rules. Note: Formula retail rules state that if an establishment has eleven or more retail locations worldwide, it is subject to a more stringent review and authorization process.</p>
	9	<p>San Francisco should craft a reasonable process for current medical cannabis dispensaries to transition into the adult use market. A “transition” would include a medical dispensary adding adult use products or a medical dispensary switching to an adult use business model. Such “grandfathered” medical cannabis businesses should be exempt from any new, more restrictive land use provisions that may be applicable to adult use retail businesses.</p>
	10	<p>San Francisco should allow cannabis retailers to participate in both the medical cannabis and adult use cannabis markets. The licensing process should include a review of the cannabis retailer’s history (e.g. complaints and violations), possible proximity concerns, public review, traffic study, and a business plan that includes traffic/customer flow management.</p>
	11	<p>San Francisco should not create a separate retail permit for nurseries.</p>

Retail Licensing

	#	Recommendation
Retail Licensing Elements (cont.)	12	San Francisco should not make a distinction between medical and adult use permitting for retail businesses.
Retail Licensing Elements: Licensing Requirements	13	<p>Existing local and State laws and regulations cover many of the desired requirements for retail cannabis businesses. As such, the requirements for retail licensing should align with these local and State laws and regulations, including:</p> <ul style="list-style-type: none"> • Board of Equalization (BOE) Sellers permit requirements • Articles of Incorporation • Labor laws • Occupational Safety and Health Administration (OSHA) standards
	14	<p>Retail license applicants should be required to provide the following supporting documentation to the City of San Francisco, as part of the licensing process, depending on the nature of the of the activity:</p> <ul style="list-style-type: none"> • Hazardous materials and waste storage plan • State nursery program inspection • Building inspections from the Department of Building Inspection (DBI) • Fire Department documentation • Documentation of alignment with Agricultural Department best practices • Security plans • Weights & Measures
	15	An annual inspection and a review of documents by a licensing agent should be required for retail license renewal. The inspection and document review should ensure compliance with State and local regulations and good standing with the Board of Equalization (BOE) or Office of the Treasurer and Tax Collector.

Retail Licensing

	#	Recommendation
Retail Licensing Elements: Licensing Requirements (cont.)	16	San Francisco should issue local retail licenses to the operator for a particular location.
Onsite Consumption	17	San Francisco should allow and create pathways for smoking cannabis in public places that become privatized. These pathways should follow rules similar to alcohol consumption at special events for adults age 21+ and medical card holders age 18+.
	18	The San Francisco City Attorney should provide further legal guidance regarding consumption in public-private spaces, i.e., where, when and how it could be done in the City.
	19	San Francisco should allow on-site consumption at cannabis retail locations and these locations must include proper ventilation systems.
	20	On-site consumption should include nightclubs, bars, cafes; hotel roof-tops; outside spaces at buildings; music festivals/parks (e.g., Hippie Hill); private club/outdoor garden; adult-one spaces in public parks; temporarily privatizing public spaces through permitted activities.
	21	San Francisco's on-site consumption requirements should not be stricter than those outlined in state cannabis laws.

Retail Licensing

	#	Recommendation
Non-Profit Licensing	22	San Francisco should encourage the non-profit model and make non-profit license available for cannabis organizations that provide compassion programs and supportive services.
	23	San Francisco should provide incentives (e.g. tax and licensing incentives) to cannabis organizations that provide compassion programs and supportive services.
Tourism/ Hospitality	24	<p>San Francisco should collaborate with stakeholders to develop policies that achieve an appropriate balance between discretion and visibility of adult use cannabis culture. Along these lines, the City should create pathways that allow tourists to access adult use cannabis products and legal consumption spaces while preventing undesired exposure for those who prefer limited interaction with the cannabis industry. Strategies could include the following:</p> <ul style="list-style-type: none"> • Allow cannabis consumption indoors to prevent unintended exposure • Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street while complying with existing Planning code requirements for active store front uses • Collaborate with tourism/hospitality stakeholders to provide tourists with educational materials and information about safe access and consumption of adult use Security plans
	25	San Francisco should allow cannabis retail locations in San Francisco to give tours of their facilities to the public.

Retail Licensing

	#	Recommendation
Recommendation Sub Category: Social Justice		
Strategies	26	San Francisco should engage community members in the target populations (people of color and formerly incarcerated persons; and within these groups prioritize women, transitional-age youth ages 21-24, and LGBTQ people) along with workforce development organizations, community-based organizations, and other key stakeholders to develop strategies to reduce economic barriers to enter the cannabis industry as workforce or entrepreneurs.
	27	San Francisco should reduce annual permitting fees according to the percentage employment of target populations (25% off for 25% employment of target populations, 50% for 50% employment of target populations).
	28	<p>San Francisco should prioritize the following strategies for development:</p> <p>a) A prioritized permitting process to help operators in the target populations reduce initial start-up costs (e.g. subsidized rent while undergoing permitting process). Existing businesses should be prioritized first, followed by operators in the target population, and previously licensed businesses closed by actions of the Department of Justice. If the cannabis regulatory agency places a cap on the number of licenses, this prioritization model should be revisited.</p> <p>b) An equity licensing program, which would include:</p> <ul style="list-style-type: none"> • Entrepreneurship grants and other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership (funded by cannabis taxes) • Subsidized permitting and license fees • Access to small business support programs and incubator services, such as the Mission Economic Development Agency (MEDA), SCORE, Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE) programs, and others (funded by cannabis taxes) • Outreach and education to identify eligible demographics and community priorities for equity licensing components

Retail Licensing

	#	Recommendation
Strategies (cont.)	28 ctd.	Additional strategies could include: outreach, education, loans, waiving requirement for control of location during application process, offering subsidized rent for business facility during application process, and incentives customized to entrepreneurs and employees of target demographics, including formerly incarcerated people.
	29	San Francisco should provide a clear, transparent pathway and process for businesses to acquire retail licenses, and existing businesses should be allowed to operate for a period of one year while a permit application is in process, including issuing a city licensing compliance process guide, integrated into the SF business portal.
	30	San Francisco should ensure local regulatory agencies' non-cooperation with federal law enforcement authorities via a San Francisco local ordinance. Additionally, the Board of Supervisors should endorse AB 1578 or analogous state legislation for California State law enforcement non-cooperation with federal law enforcement authorities.
Stakeholders	31	<p>The following entities could be involved in the aforementioned social justice-focused efforts:</p> <ul style="list-style-type: none"> • Neighborhood associations • Community business support programs (e.g., MEDA) and other local business associations • City College of San Francisco • Potential and current cannabis employees and entrepreneurs, including formerly incarcerated people, women, and people of color • Landlords • Office of Economic and Workforce Development (OEWD)

Retail Licensing

	#	Recommendation
Recommendation Sub Category: Community Engagement		
Strategies	32	San Francisco should develop cannabis retail business operating standards to form part of the retail business permitting process. These standards should ensure that cannabis businesses are “good neighbors” to the communities in which they are located. These standards should be enforced meaningfully by regulatory agencies in a non-discretionary manner (e.g., standard set of rules and consequences, such as citations or notices of violation if rules are broken).
	33	The regulatory agency or agencies overseeing the cannabis industry should make cannabis business regulations clear and accessible to the general public so that the public is informed and aware of the regulations.
	34	All employees of retail cannabis businesses should receive regulatory compliance training within six months of hiring similar to California Alcohol and Beverage Control LEAD training.
	35	Community complaints and hearings for licensing and land use issues should be managed by the Office of Cannabis, and priority for hearings should be given to local residents.

Retail Licensing

	#	Recommendation
Stakeholders	36	<p>The following entities are stakeholders in the City’s community engagement efforts for retail:</p> <ul style="list-style-type: none"> • Businesses • Residents • San Francisco Department of Public Health • San Francisco Police Department • San Francisco Fire Department • San Francisco Unified School District • Office of Economic and Workforce Development (OEWD) • Office of Small Business • Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency
Tourism and Hospitality	37	<p>There is a notable desire within the culinary community to incorporate adult use cannabis in dining options/opportunities, including the use of cannabis as a meal ingredient and the establishment of food/cannabis pairing options. San Francisco should collaborate with key stakeholders, such as culinary and hospitality organizations, to develop strategies for increasing these opportunities for restaurants and other food establishments. Strategies could include:</p> <ul style="list-style-type: none"> • Developing, proposing and pursuing a state legislative approach that would create an exemption for these types of culinary experiences. • Development of a patron notification process for any food establishment offering these opportunities. • Development of mechanisms to determine the appropriate distribution of cannabis- friendly dining venues throughout the City.
	38	<p>San Francisco should allow cannabis consumption in parked cars (i.e., do not impose arrests, fines, or fees for cannabis consumption in parked cars.)</p>

Retail Licensing

	#	Recommendation
Tourism and Hospitality (cont.)	39	San Francisco should create a certification program for retail tour businesses in alignment with existing regulations (e.g., for tour busses). Regulations and clear enforcement processes should be established for bus size, bus drivers, and smoking in vehicles, and to mitigate traffic congestion, safety concerns, noise, odors, and waste as a result of tours.
	40	Public safety education (e.g., regarding specific regulations) should be required for tour companies. Tour companies should be required to distribute cannabis education materials to patrons as part of the tour.
	41	Tour companies should be required to designate a community liaison to address concerns and respond to community inquiries.
Youth Access and Exposure	42	San Francisco should collaborate with stakeholders to develop policies that achieve an appropriate balance between discretion and visibility of adult use cannabis culture. Along these lines, the City should create pathways that allow tourists to access adult use cannabis products and legal consumption spaces while preventing undesired exposure for those who prefer limited interaction with the cannabis industry. Strategies could include the following: <ul style="list-style-type: none"> • Allow cannabis consumption indoors to prevent unintended exposure • Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street.
	43	Retail tour access should be restricted to people ages 21 and over or in possession of a valid medical cannabis recommendation.
	44	Retail cannabis-related waste material should be stored and disposed of securely in order to prevent diversion to youth.

Social Justice

	#	Recommendation
Recommendation Sub-Category: Workforce Development		
Strategies	1	<p>San Francisco should ensure existing workforce protections are extended to the cannabis industry, including the following:</p> <ul style="list-style-type: none"> a. Regulations regarding the employment of contractors and employees (e.g., per IRS and City guidelines) b. Ensure that employees receive a living wage, have safe workforce conditions, and receive benefits for which they are eligible (e.g., worker’s compensation, SSDI) c. Provide information on City and County grievance processes, and ensure that employees in the cannabis industry are educated on their workforce rights and responsibilities.
	2	<p>To ensure equitable employment opportunities, San Francisco should create employment pathways and ensure protections for people to be hired within the licensed cannabis industry who were convicted as a result of working in the unlicensed industry. Such strategies would necessarily include:</p> <ul style="list-style-type: none"> a. Educate employees and employers about San Francisco’s Fair Chance Ordinance and work within existing city pathways to encourage the hiring of employees with a prior criminal record b. Providing employer financial incentives for hiring impacted populations (e.g., fee discounts and tax breaks, e.g. Enterprise zone tax credit, payroll/gross receipt tax) c. The Office of Cannabis should provide a current and comprehensive list of resources for businesses of varying sizes (e.g., small, medium, and large) to achieve social justice workforce hiring objectives. d. Investing in outreach for recruiting industry employees and workforce development to provide education and training activities for the cannabis workforce (e.g., business development, job fairs, networking opportunities). e. Incentivize employer recruitment from re-entry programs. f. Employers engage with the adult probation department, San Francisco re-entry council, other re-entry diversion programs, and the community at large to ensure that jobs in the cannabis industry are accessible.

Social Justice

	#	Recommendation
	2 ctd.	<p>g. Require that some portion (e.g. 25%) of the employees of licensing applicants that have a certain total number of employees (e.g. 15 and above) have a conviction history.</p> <p>h. To meet the mandate for equity employees, existing employees should only be replaced through attrition and not fired in order to meet the mandate.</p> <p>i. Cannabis industry employers should be exempt from screening employees from testing positive for cannabis in drug tests.</p>
Recommendation Sub-Category: Business Ownership		
Strategies	3	Equity incubators should qualify for equity permits.
	4	<p>San Francisco should support equity applicants by providing the following forms of technical assistance:</p> <p>a. Add a navigator role to city staff to provide business navigation services, as the Entertainment Commission currently does.</p> <p>b. To provide startup capital, the City should establish a zero-interest revolving loan fund for equity applicants.</p>
Recommendation Sub-Category: Cross-Cutting Workforce Development and Business Ownership		
Social Justice Revenue Allocation	5	<p>To support business ownership and entrepreneurship initiatives, San Francisco should allocate cannabis tax revenue from any future local taxes and cannabis funds received from the State towards:</p> <ul style="list-style-type: none"> • Education and student expenses • Community College of San Francisco programs and workshops • Loans for equity and cannabis businesses • Nonprofits providing education

Social Justice

	#	Recommendation
		<ul style="list-style-type: none"> Expand cannabis workforce development opportunities
Social Justice Revenue Allocation (cont.)	6	Stakeholders who should be involved in the process of making funding allocation decisions include nonprofits, educational facilities, and city agencies, e.g., OEWD and Office of Small Business.
Data Collection	7	The City should provide funding to develop evaluation efforts, in consultation with subject matter experts, that document progress towards achieving equity goals

Agency Oversight

	#	Recommendation
	1	<p>The cannabis regulatory agency should be a standalone agency, with two options for managing the dispute resolution process: (1) a Commission or (2) hearing officer.</p> <p><i>The Task Force did not reach consensus on what mechanism is most appropriate for the dispute resolution process, instead putting forward two options: (1) a Commission or (2) a hearing officer. Discussion points and concerns related to the dispute resolution process were as follows:</i></p> <ul style="list-style-type: none"> • <i>Task Force Members emphasized the need for efficiency and to avoid unnecessary bureaucracy or barriers to entry into the market.</i> • <i>Task Force Members expressed concerns about the appointment process under the Commission option, i.e. who would be appointed and the selection process for Commissioners.</i> • <i>Task Force Members expressed concern about the funding mechanisms for the standalone agency and dispute resolution process.</i> • <i>Task Force Members expressed concern about which option would best facilitate community engagement and public input.</i>

Conclusion

The cannabis policy landscape in San Francisco is dynamic and fast-moving. From retail and non-retail licensing to social justice and land use, the cannabis policy recommendation areas outlined in this report have important effects that will have an impact on adult use cannabis implementation in San Francisco. As California and San Francisco move forward with cannabis policy implementation, the San Francisco State Cannabis Legalization Task Force will continue to monitor impacts and advise policymakers on how best to address them.

Appendices

Appendix A: Current San Francisco State Legalization Task Force Seats and Members

Number	Description	Name
Seat 1	San Francisco Department of Public Health	Nieves, Israel
Seat 2	Fire Department	Londono, Edward
Seat 3	Police Department	Kennedy, Patrick
Seat 4	Department of Building Inspection	McCarthy, Liam
Seat 5	Planning Department	Sider, Daniel
Seat 6	Entertainment Commission	Weiland, Maggie
Seat 7	California Board of Equalization	Morland, Tim
Seat 8	San Francisco Unified School District	Lingrell, Emily
1-year Term - Public Seats		
Seat 9	Cannabis Industry (2 years' experience)	Stout, Jesse
Seat 10	Owner/Operator MCD	Pearson, Erich
Seat 11	Individual who uses cannabis for medicinal purposes	Reed, Kevin
Seat 12	Individual who uses cannabis with at least 2 years cannabis legislation advocacy experience	Payan, Sara
Seat 13	Small business owner	Ley, Duncan Talento
Seat 14	Individual with experience working for on behalf of business interests	Selby, Thea
Seat 15	Individual working to advance tourism or hospitality industry	VACANT
Seat 16	Neighborhood association	Fugate, Barbara

Number	Description	Name
Seat 17	Neighborhood association	McElroy, Tom
Seat 18	Individual with experience in public health advocacy re: drug policy	Thomas, Laura
Seat 19	Individual working in entertainment or nightlife industry	Alan, Terrance
Seat 20	Labor union representatives for cannabis industry	Garcia, Jennifer
Seat 21	Public policy expert working for organization focused on good public policy	Shrader, Sarah
Seat 22	Individual between ages of 21 and 30 at time of appointment	Keli'iho'omalu, Kai

Appendix B: Year II Recommendations Framework Documents

Non-Retail Licensing		
Technical	Social Justice	Community Engagement
<p><u>Overarching questions</u></p> <p>1. Non-Retail Licensing Elements</p> <p>a. List three main goals of the licensing process for non-retail cannabis.</p> <p>b. What licensing requirements should be established to ensure these goals?</p> <p>i. What, if any, best practices and operating standards should be incentivized/required as part of the non-retail licensing process (e.g., use of renewable power, security, appearance, cleanliness, odors, operating hours, lighting, signage)?</p> <p>ii. What supporting documentation should non-retail license applicants be required to provide to local licensing authorities?</p> <p>c. What conditions for license renewal should exist (e.g., renewal with built-in inspections)?</p>	<p>1. Definition of the Issue</p> <p>a. What social justice issues and considerations exist within the context of non-retail licensing?</p> <p>b. Year I Recommendations identified strategies to reduce economic barriers for people of color, women, and formerly incarcerated persons to enter the cannabis industry as entrepreneurs. How should these priority populations be further defined in San Francisco?</p> <p>2. Strategies</p> <p>a. Consider the below social justice strategies suggested in Year I:</p> <ul style="list-style-type: none"> • prioritized permitting process • grants • equity licensing • subsidized licensing fees • workforce education • use of existing small business support programs e.g. MEDA 	<p>1. Definition of the Issue</p> <p>a. In expanding the current cannabis licensing program to the non-retail sector, what community engagement issues and considerations exist within that context? (e.g., “NIMBY-ism,” perpetuation of the illicit market, traffic, safety concerns, environmental hazards, excessive concentration of licensees in a given locality, youth access and exposure)</p> <p>2. Strategies</p> <p>a. What strategies would address the above community engagement issues (e.g., community education, community engagement plans within the licensing structure)?</p> <p>b. What does it mean for a non-retail cannabis licensee to be a “good neighbor,” and what tools would ensure this “good neighbor” standard (e.g. policy, guidelines, protocols)?</p>

<p>d. Should the non-retail license remain with the property or with the operator? Why or why not?</p> <p>e. Given the cash-only nature of the cannabis industry, how can facility location information be kept confidential to reduce the risk of theft?</p> <p>f. What, if any, additional license types should be added beyond those already addressed Year I?</p> <p style="padding-left: 20px;">i. Reflect upon delivery non-retail aspect discussed at last meeting.</p> <p>2. Dual Medical and Adult Cannabis Licensing</p> <p>a. Should there be distinctions between adult use and medical licensing within the non-retail context, and if so, what should they be?</p> <p><u>Sub-areas within Technical Licensing</u></p> <p>1a) Cultivation</p> <p style="padding-left: 20px;">a. What, if any, licensing distinctions should be made between indoor and outdoor adult use cannabis cultivation facilities?</p> <p style="padding-left: 20px;">b. Should personal cultivation require a license?</p> <p>1b) Discuss and list any other licensing elements that should be included for other non-retail license types not already addressed</p>	<p>Which, if any, would directly address the issues and considerations from Question 1? Which of these options should be prioritized in San Francisco, i.e. implemented first?</p> <p>b. Of the options prioritized above (consider focusing on 2-3 at most), what format should these options take? How should they be operationalized in the City?</p> <p>c. Are there other strategies not included in the above list that should be added, e.g. ones that address access to real estate?</p> <p>3. Stakeholders</p> <p>a. What stakeholders should lead the strategies outlined above?</p> <p>b. What additional stakeholders need to be involved to advance a social justice agenda within the context of non-retail licensing?</p>	<p>3. Stakeholders</p> <p>a. What stakeholders should be involved to develop and lead community engagement efforts in the above areas?</p> <p>4. Youth Access and Exposure:</p> <p>a. How can the non-retail licensing structure be designed to limit youth access and exposure?</p> <p>5. Tourism/hospitality</p> <p>a. What are the intersections between tourism/hospitality and non-retail licensing? For example, should manufacturing and/or cultivation facilities be permitted to give tours to the public?</p> <p style="padding-left: 20px;">i. Should there be separate licenses for these activities?</p> <p style="padding-left: 20px;">ii. If so, what licensing requirements should exist and why?</p> <p>b. What are the potential impacts of such tourism (e.g., traffic congestion) at non-retail sites, and how can they be mitigated?</p> <p>c. Should regulatory distinctions be made between resident tourism and out of city/state tourists for these tourism options, and if so, what should they be?</p>
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above: e.g. manufacturing, testing, distribution.		
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Land Use	
Technical	Community Engagement
<p><u>Retail</u></p> <p>1. Land use types</p> <p>a. What land use types/models should be included within the context of cannabis retail? (i.e., what access points should exist for cannabis retail - shop, bakery, microbusiness, public consumption lounge, other?) Consider other uses/license types that do not exist at the State level or in the planning code that should be created.</p> <p>b. How should accessory use for cannabis retail be defined and operationalized in the City? (<i>See Year I RCAF recommendation 3</i>)</p> <p>2. Land Use Landscape</p> <p>a. What three principles should be considered when determining the proper distribution of cannabis retail businesses across the City?</p> <p>b. How does the historical definition and concept of the “Green Zone” fit into this discussion?</p> <p>c. What strategies would create a desired mix of businesses and limit displacement of other land use types (e.g., businesses and housing)?</p> <p>3. Zoning Application Standards</p> <p>a. Consider the following strategies discussed in Year I and how they might be articulated as a standard/rule/regulation when assessing zoning applications for retail cannabis businesses:</p> <p>o Sensitive uses – definition and examples (<i>See Year I LUSJ recommendations 4, 6</i>)</p>	<p>1. Definition of the Issue</p> <p>a. Why is community engagement and public input important within the context of cannabis-related land use discussions? What are the desired outcomes?</p> <p>b. What community engagement issues and considerations exist within the context of expanding the current cannabis landscape to include adult use retail? (e.g., “NIMBY-ism,” perpetuation of the illicit market, traffic, safety concerns, environmental hazards, excessive concentration of licensees in a given locality, youth access and exposure, concerns about displacement of existing businesses and residents, concerns about level and visibility of security)</p> <p>2. Strategies</p> <p>a. Public process</p> <p>i. What opportunities for public input on the placement of adult use cannabis retail and non-retail businesses should exist (e.g. neighborhood notice only, notice plus mandatory Discretionary Review hearing, notice plus Conditional Use Authorization, and/or less formal public notification/engagement process)? How, if at all, should these vary by zoning district and/or by land use type – bakery, café, microbusiness, etc.? (<i>See Year I LUSJ recommendation 7</i>)</p> <ul style="list-style-type: none"> • Consider also the current processes for public involvement in the zoning decision-making process for medical cannabis dispensaries. What elements of that process should continue and/or be adjusted for adult use retail locations? (<i>See</i>

- o “Buffer zones” around other adult use retail locations – what retail land use types/models would require a buffer and why?(*See Year I LUSJ recommendation 8*)
- o Are there any other factors, rules or standards to consider in assessing whether a cannabis land use type should be allowed in a particular neighborhood? (*See Year I LUSJ recommendations 5, 9-12*)
- o Could the above standards, considerations and factors be ranked in order of importance? Would the ranking differ according to the retail land use type/model, e.g. bakery, public consumption lounge, shop, café etc.?

4. MCD and Adult Use Retail Zoning Approval Processes

- a. Consider the current MCD zoning approval process (i.e., mandatory discretionary review, hearing before Planning Commission). What should the steps in the application approval process be for adult use retail? Should the process differ by land use type? (*See Year I LUSJ recommendations 13-14, and Year I Report pgs. 50-53 for description of current MCD zoning requirements and possible adjustments*)

Non-retail

- 1. Consider Year I LUSJ recommendations 1-2, and make any further recommendations needed for non-retail zoning processes. Also consider whether any of the above questions/considerations under retail would also apply in the non-retail context.

Year I Report pgs. 50-53 for description of current MCD zoning requirements)

- b. Application documentation
 - i. What should the goals of the zoning application for cannabis businesses be, from a community engagement standpoint? What documentation should be provided to the Planning Commission and/or other commission(s) as part of the application to achieve and further those goals? (*See Year I LUSJ recommendation 3*)
- c. Cannabis business distribution across the city
 - i. What is the desired distribution of various cannabis land use types/licenses in the City? What principles are important to consider within that context? For this question, also consider various types of retail models, e.g. bakery, café, restaurant, etc.
 - ii. What factors or conditions would trigger the determination that a particular area is “over-saturated” with cannabis businesses? Would this determination differ for retail vs. non-retail and/or by business type (e.g. café, restaurant, bakery, consumption lounge)? (*See Year I LUSJ recommendations 4, 6*)
 - iii. How should the City define sensitive uses, and what are some examples of uses that fit this definition?
- d. Other strategies
 - i. What Citywide strategies could address concerns about displacement of existing businesses and residents/housing units?

	<ul style="list-style-type: none">ii. What does it mean for a retail and non-retail cannabis licensee to be a “good neighbor,” and should anything be added to the existing “good neighbor” standards? <i>(See Year I PSSE recommendations 4-5, Year II Non Retail Community Engagement recommendation 1)</i>iii. What other strategies would address any community engagement issues that have not yet been discussed (e.g., community education, community engagement plans)? <p>3. Stakeholders</p> <ul style="list-style-type: none">a. What stakeholders should be involved to develop and lead community engagement efforts in the above areas?
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Retail Licensing

Technical	Social Justice and Community Engagement
<p>1. Retail Licensing Elements</p> <ul style="list-style-type: none"> a. List three main goals of the licensing process for retail cannabis. b. Consider the types of retail businesses that the Task Force has recommended and/or discussed, e.g., on-site dining experiences (Year I Recommendation PSSE 28), storefront locations, accessory use (Year I Recommendation RCAF 3), delivery (Year I Recommendations RCAF 8, 9- 11), bakery (Year I Recommendation RCAF) 2. <ul style="list-style-type: none"> i. What criteria could be used to evaluate the various Citywide and neighborhood impacts of each type of retail? (e.g., ease of access for under 21 populations, operating hours, foot traffic, public visibility, sales volume) ii. Would there be different licensing requirements or standards that correspond to this criteria? iii. Should there be a local distinction between medical and adult use retail licensing? If yes, would any differentiating licensing standards apply? (<i>see</i> Year I Recommendation RCAF 12). c. What licensing process, if any, should apply to medical cannabis dispensaries that wish to transition into the adult use sector or add an adult use retail component to their current activities? How would this process differ from that of an adult use retailer without a previous 	<p>1. Community Engagement</p> <ul style="list-style-type: none"> a. Consider the community engagement issues and considerations identified for non-retail licensing – e.g. “NIMBY-ism,” perpetuation of the illicit market, traffic, safety concerns, environmental hazards, excessive concentration of licensees in a given locality, youth access and exposure, etc. <ul style="list-style-type: none"> i. What, if any, of these issues are also applicable to retail licensing? ii. Would any apply in a heightened and/or more direct way within the retail context? iii. Are there others not included here that are uniquely applicable to retail? iv. How, if at all, should the community engagement process/strategy differ for retail as compared to non-retail licensing? b. How can the local retail licensing structure be specifically designed to limit youth access and exposure? <p>2. Social Justice</p> <ul style="list-style-type: none"> a. How, if at all, do barriers to entering the retail industry differ from barriers to entering the non-retail industry? If there are differences, what unique strategies are needed to ensure equitable access to the retail industry? b. Consider also the Task Force’s Year I Social Justice recommendations (LUSJ 15-31), in particular Year I LUSJ Recommendation 24. Would any of these

dispensary license? (*See* Year I Recommendation RCAF 12; LUSJ 14)

- d. For cannabis businesses that would likely require multiple local permits/licenses (e.g., DPH food permit + retail cannabis permit), how would changes in the licensee's status with respect to a non-cannabis permit impact the cannabis permit?
- e. The Task Force has discussed nurseries as a potential retail type. Make any recommendations that would apply specifically to the licensing of this type of business.

2. On-Site Consumption

- a. What would the local licensing requirements or considerations be for on-site consumption at a cannabis retail location? (*see* Year I Recommendations PSSE 7-11, 26)
- b. For temporary events that allow cannabis sales, would similar or different requirements apply?

3. Non-Profit Licenses

Appendix B: Year II Recommendations Framework Documents

Should non-profit licenses be considered for local non-profit licenses, as compared to those that are for-profit in nature? What would qualify an operator for a nonprofit license in San Francisco?

4. Tourism/Hospitality

- a. Should cannabis retail and non-retail locations in San Francisco be allowed to give tours of their facilities to the public?
- b. If so, what, if any, licensing conditions would apply?

recommendations have particular significance within the retail sector, as opposed to non-retail?

3. Tourism/hospitality

- a. What kinds of cannabis retail facilities might tourists wish to access here in San Francisco?
- b. How, if at all, might residents and tourists access these retail facilities differently?
- c. Would these differences also warrant retail licensing requirements for tourism-related activities?
 - i. If so, what would these requirements be?

4. Other

- a. Review the social justice and community engagement non-retail licensing recommendations. Check yes/no to indicate, which, if any, recommendation is also applicable within the context of retail licensing.

5. Other

- a. Review the technical non-retail licensing recommendations. Check yes/no to indicate, which, if any, recommendation is also applicable within the context of retail licensing.

Social Justice

Workforce Development

Business Ownership

- 1. Workforce Development** – Review Year I LUSJ Recommendations 15-23. With Year I LUSJ Recommendations 15-23 in mind, please discuss the below questions-
- a. What are the characteristics of an equitable workforce development structure for the cannabis industry?
 - b. Are there other general strategies not referenced in the Year I recommendations that would help to ensure retention of a diverse workforce, particularly with respect to target populations? Revisit Year I LUSJ Recommendations 16, 17, 20, and confirm that the list of target populations included there is complete.
 - c. To ensure equitable employment opportunities, how can pathways be created for people to be hired within the licensed cannabis industry who were convicted as a result of working in the unlicensed industry?
- Ideas previously discussed by Task Force members include:*
- i. Prohibit employers from refusing to hire job applicants based solely on prior cannabis-related convictions;
 - ii. Incentivize employer recruitment from re-entry programs;
 - iii. Engage with the adult probation department, San Francisco re-entry council, other re-entry diversion programs, and the community at large to ensure jobs in the cannabis industry are accessible;
 - iv. Require that some portion (e.g. 25%) of the employees of licensing applicants that have a

- 1. Business Ownership** - Review Year I LUSJ Recommendations 24- 25, 29-31, Year II Retail and Non-Retail Social Justice Licensing Recommendations. With Year I LUSJ Recommendations 24-25 and Year II Retail and Non-Retail Social Justice Licensing Recommendations in mind, please discuss the below questions-
- a. What are the characteristics of an equitable business ownership/entrepreneurship structure for the cannabis industry?
 - b. Based on the above, what strategies not already included in previous recommendations (or are included but require further development) could help support equity applicants, reduce barriers to business ownership, and ensure the characteristics discussed earlier?
- Ideas previously discussed by Task Force members include:*
- i. Provide an amount (e.g. 50%) of new cannabis licenses to equity populations for a period of time (e.g. for the first several years). The definition of equity populations could be:
 1. Those who have lived in neighborhoods disproportionately impacted by War on Drugs police activity (Mission, Tenderloin, Southern, Bayview police districts) for 5 years since 1996 (i.e. post- Prop 215 enactment) as an adult
 2. Charged with or convicted of Proposition 64 crimes (e.g., those now eligible for sentence reduction or expungement). The Task Force should consider whether this includes

certain total number of employees (e.g. 15 and above) have a conviction history.

- d. What strategies would support employment opportunities for people who have worked in the unregulated cannabis industry and wish to transfer their skills to another industry (e.g., accounting)? See Year I LUSJ Recommendation 15.

Cross-cutting

2. Social Justice Revenue Allocation (e.g., Proposition 64 Community Reinvestment Grants, taxes)

- a. How should funds be directed to support the workforce initiatives discussed above (e.g., grants, loans, infrastructure, small business incubators, other investments)? (See Year I LUSJ Recommendations 26-27, RCAF 18)
 - i. What types of programs and services should be prioritized?
 - ii. Are there locations in the City where these funds should be targeted?
 - iii. Which populations would be served and how?
 - iv. Which stakeholders should be involved in the process of making funding allocation decisions?
- b. What role, if any, do cannabis businesses play in investing in their surrounding neighborhoods? If they do have a role, how can they be appropriately involved? (e.g., provide funding, time, resources)

3. Data Collection – see Year I RCAF Recommendation 19

analogous crimes from other states and/or federal law;

- 3. Equity incubators could also qualify, defined as a business (not otherwise within the target equity population) that agrees to offer free rent and premises security services to an equity applicant for a period of time (e.g. three years).
 - ii. Pair an equity applicant with a general applicant to facilitate the process whereby existing businesses support equity applicants (e.g., to provide assistance with elements of the application that require “social capital” or procedural knowledge).
 - iii. Incentivize existing businesses to serve as mentors to target equity populations (e.g., Small Business Commission program).
 - iv. Provide technical assistance, including adding a navigator role to city staff to provide business navigation services, as the Entertainment Commission currently does.
 - v. Waive license fees for equity applicants.
 - vi. To provide startup capital, the City should establish a zero-interest revolving loan fund for equity applicants.

Cross-cutting

2. Social Justice Revenue Allocation (e.g., Proposition 64 Community Reinvestment Grants, taxes)

- a. How should funds be directed to support the workforce initiatives discussed above (e.g., grants, loans, infrastructure, small business incubators, other

- a. What would “success” mean within the context of cannabis industry workforce development?
- b. What kind of data would enable the City to evaluate/assess success? How would the City be able to tell if it is “moving the needle” on these issues?
- c. How should this data be collected and which entities should be involved in the data collection and reporting process?

4. Transitional Age Youth and Young Adults

- a. How are transitional age youth (ages 18-21) and young adults (ages 21-26) impacted by cannabis legalization with respect to workforce development?
- b. What are strategies to address some of these impacts on transitional age youth and young adults?
- c. What are strategies to incorporate more youth voice into the discussion?

investments)? (See Year I LUSJ Recommendations 26-27, RCAF 18)

- i. What types of programs and services should be prioritized?
- ii. Are there locations in the City where these funds should be targeted?
- iii. Which populations would be served and how?
- iv. Which stakeholders should be involved in the process of making funding allocation decisions?

- b. What role, if any, do cannabis businesses play in investing in their surrounding neighborhoods? If they do have a role, how can they be appropriately involved? (e.g., provide funding, time, resources)

3. Data Collection – see Year I RCAF Recommendation 19

- a. What would “success” mean within the context of cannabis industry workforce development?
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Appendix C: Year I Recommendations

Recommendation Category 1: Public Safety and Social Environment (PSSE)		
	#	Recommendation
Recommendation Sub-Category: Public Safety		
Driving Under the Influence	1	Local policy guidelines for driving under the influence should be developed that are based on behavior testing until science- based testing exists.
	2	San Francisco should provide technical assistance to California Highway Patrol (CHP) as they develop DUI protocols and standards. As part of this technical assistance, San Francisco should explore the use of cannabidiol (CBD) as an antidote to manage overconsumption, with the current naloxone program as a potential model.
	3	San Francisco should develop and implement a City-wide DUI public awareness campaign.
Neighborhood Safety	4	San Francisco should develop cannabis business operating standards to form part of the business permitting process. These standards would ensure that cannabis businesses are “good neighbors” to the communities in which they are located.
	5	Cannabis businesses should be like any other business in San Francisco in appearance and manner: well-lit, clean, appropriate hours of operation, guidelines for security, etc.

Recommendation Category 1: Public Safety and Social Environment (PSSE)		
	#	Recommendation
San Francisco Police Department (SFPD) Enforcement and Training Priorities	6	<p>Three top considerations for the San Francisco Police Department (SFPD) when it is developing its criminal enforcement and training strategies are:</p> <p>a) Strategies must represent community sensitivities and be developed together with parents or an agent of family representation;</p> <p>b) Strategies should be informed by subject matter experts in all areas of the cannabis industry, and not simply police officers training and/or educating other police officers;</p> <p>c) The SFPD should collaborate with Child Protective Services to establish guidelines for determining the safety of a juvenile in the custody of an impaired adult.</p>
Recommendation Sub Category: Public Consumption		
Meaning of the Word “public”	7	San Francisco should allow and create policy pathways for smoking cannabis in public places that become privatized. These pathways should follow rules set by the San Francisco Department of Public Health for tobacco use.
	8	The smoking of cannabis should be allowed anywhere that tobacco smoking is allowed. Indoor venues must provide proper ventilation that addresses odor and smoke if smoking is allowed indoors.
	9	The San Francisco City Attorney should provide further legal guidance regarding consumption in public-private spaces, i.e. where, when and how it could be done in the City.
On-site Consumption per Proposition 64	10	San Francisco should allow on-site consumption at cannabis retail locations.
	11	San Francisco’s on-site consumption requirements should not be stricter than those outlined in Proposition 64.

Recommendation Category 1: Public Safety and Social Environment (PSSE)		
	#	Recommendation
Overconsumption and Encouraging Safe and Responsible use Across the City	12	San Francisco and the Department of Public Health should collaborate with the cannabis industry and the community to develop a health promotion strategy for preventing overconsumption and youth access.
Recommendation Sub Category: Youth Access and Exposure		
Education	13	The San Francisco Unified School District (SFUSD) should be involved in developing age-appropriate cannabis education for San Francisco schools' health education program.
	14	The SFUSD has an existing educational model focusing on wellness centers and health-based classroom education that should be used as the foundational framework for age-appropriate cannabis education. This framework should be analyzed (via data review) to identify gaps and revitalize the curriculum to effectively educate schoolchildren about cannabis use.
	15	Proposition 64 funding for student-focused cannabis education programs should also capture children outside of the SFUSD system.
	16	Proposition 64 funding for student-focused cannabis education programs should be distributed in a collaborative way across a variety of organizations, especially those that are already engaged in these issues. To ensure this, San Francisco should develop funding criteria for making grants.
	17	The State should vest decisions regarding student education implementation and funding criteria solely in the counties.

Recommendation Category 1: Public Safety and Social Environment (PSSE)

	#	Recommendation
Preventing Sales to Minors	18	San Francisco should conduct research regarding access for minors in the illicit market after the passage of Proposition 215 and in other states that have legalized cannabis for adult use in order to better understand how minors may access cannabis after adult use is legalized in California.
Advertising	19	The regulation of other industries, such as alcohol and tobacco industries, should serve as a model for monitoring the effect of advertising on minors.
	20	The San Francisco City Attorney should conduct research regarding the free speech limits to regulating cannabis advertising at the local level.
	21	San Francisco should conduct research to learn more about the strategies other adult use legalization states have used to regulate advertising to protect youth.
	22	San Francisco’s advertising regulating bodies must do continuous forecasting to appropriately guard against “too much cannabis advertising” and be agile in adapting to rapidly emerging social trends that could increase exposure to youth.
Criminal Diversion and Decriminalization Options for Youth	23	It is unlikely that, even with the most robust cannabis education programs for youth, there will be a zero percent usage rate among minors in San Francisco - they may continue to consume and/or sell in schools and other places. In light of that, San Francisco schools should take a reality and science-based disciplinary approach and rely on harm reduction principles to manage such situations. For example, for minors who commit cannabis-related offenses while at school, suspension and expulsion should not be the default tools used by schools to discipline students.

Recommendation Category 1: Public Safety and Social Environment (PSSE)		
	#	Recommendation
Youth Protection	24	San Francisco Unified School District should identify and collaborate with key stakeholders to explore alternatives to expulsion for youth facing disciplinary action for cannabis.
	25	San Francisco should develop policies to protect youth, e.g. develop clearly labeled packaging requirements to prevent accidental cannabis consumption by youth.
Recommendation Sub-Category: Tourism/Hospitality		
San Francisco Cannabis Culture	26	San Francisco should collaborate with stakeholders to develop policies that achieve an appropriate balance between discretion and visibility of adult use cannabis culture. Along these lines, the City should create pathways that allow tourists to access adult use cannabis products and legal consumption spaces while preventing undesired exposure for those who prefer limited interaction with the cannabis industry. Strategies could include the following: a) Allow cannabis consumption indoors to prevent unintended exposure b) Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street c) Collaborate with tourism/hospitality stakeholders to provide tourists with educational materials and information about safe access and consumption of adult use cannabis.
	27	San Francisco should collaborate with key stakeholders within the hospitality and tourism industry to develop pathways for lodging establishments to become “cannabis-friendly,” thereby providing a legal consumption space for tourists without access to a private residence.
	28	There is a notable desire within the culinary community to incorporate adult use cannabis in dining options/opportunities, including the use of cannabis as a meal ingredient and the establishment of food/cannabis pairing options. San Francisco should collaborate with key stakeholders, such as culinary and hospitality organizations, to develop strategies for increasing these opportunities for restaurants and

Recommendation Category 1: Public Safety and Social Environment (PSSE)

	#	Recommendation
San Francisco Cannabis Culture (cont.)		<p>other food establishments. Strategies could include:</p> <ul style="list-style-type: none"> a) Developing, proposing and pursuing a state legislative approach that would create an exemption for these types of culinary experiences. b) Development of a patron notification process for any food establishment offering these opportunities c) Development of mechanisms to determine the appropriate distribution of cannabis-friendly dining venues throughout the City.
Tourist and Resident Experiences	29	<p>San Francisco should collaborate with key stakeholders, such as the Department of Public Health and tourism/hospitality organizations, to develop educational materials for tourists and residents that:</p> <ul style="list-style-type: none"> a) promote safe cannabis consumption b) provide information on different product types and their physiological effects, and c) outline strategies to identify and manage overconsumption. <p>The educational materials should be made available in various languages and formats (e.g. websites, brochures, signage, mobile applications, etc.), and distributed where adult use cannabis is allowed to be consumed and/or purchased, such as cannabis retail locations.</p>
	30	<p>San Francisco, in collaboration with key City Agencies and stakeholders, should develop educational materials and trainings for cannabis retail licensees, their employees, and cannabis business license applicants on serving cannabis and cannabis products safely, responsibly, and legally. The Licensee Education on Alcohol and Drugs (LEAD) Program could serve as a model for this.</p>

-END-

Recommendation Category 2: Land Use and Social Justice (LUSJ)		
	#	Recommendation
Recommendation Sub-Category: Land Use		
Non-Retail Uses	1	San Francisco should allow non-retail adult use cannabis uses (i.e. cultivation, manufacturing, distribution) and utilize the existing Planning Code framework to establish land use controls for those uses.
	2	The existing Planning Code framework already addresses distance to sensitive uses for non-retail businesses. Consistent with current regulations for non-retail medical cannabis uses, non- retail adult use cannabis uses should therefore be exempt from distance requirements for sensitive uses (e.g. schools, youth centers, etc.).
Retail Uses	3	San Francisco should develop meaningful qualitative findings for the Planning Commission and/or other commission(s) to use when reviewing adult use retail applications.
	4	San Francisco should reduce the distance new cannabis retailers can operate in proximity to sensitive uses to one that is less than the State- required 600 feet. San Francisco should also measure this distance with a "path of travel" approach rather than a straight line, parcel to parcel measurement.
	5	San Francisco should develop reasonable quantitative standards to regulate the location of, and permitting process for, adult use retail locations in San Francisco. These standards should include, but are not limited to: a) Strategies to facilitate meetings between the applicant and neighboring community prior to the Planning Commission hearing and/or application process to address neighborhood concerns b) Strategies to prevent clustering (as discussed below) c) Considerations for proximity to sensitive uses (as discussed below)

Recommendation Category 2: Land Use and Social Justice (LUSJ)

	#	Recommendation
Retail Uses (cont.)	6	San Francisco should further define and/or refine definitions of “sensitive uses” and expand locations in which new cannabis retailers could operate, where appropriate.
	7	San Francisco should consider varying approval processes (e.g. neighborhood notice only; notice plus mandatory Discretionary Review hearing; notice plus Conditional Use Authorization; etc.) for different zoning districts, with more rigorous review processes in Neighborhood Commercial Districts or other locations which present potential land use conflicts and less rigorous processes in other districts, such as Downtown or industrial districts.
	8	San Francisco should develop policies to prevent clustering of adult use cannabis retailers. Strategies may include: a) Use of “buffer zones” around other adult use retail locations. The distance of these buffer zones should balance both community concerns and business interests, with the aim of preventing too high a concentration of retail locations in a given district while also encouraging healthy competition. b) Stricter clustering provisions in Neighborhood Commercial Districts to balance neighborhood concerns, and less strict clustering requirements in other districts, such as Downtown or Industrial districts.
	9	San Francisco should include adult use cannabis retail businesses in existing Formula Retail rules. Note: Formula retail rules state that if an establishment has eleven or more retail locations worldwide, it is subject to a more stringent review and authorization process.
	10	San Francisco should allow retail locations in areas other than the ground floor, such as spaces located at basement level, second floor or higher.

Recommendation Category 2: Land Use and Social Justice (LUSJ)

	#	Recommendation
Retail Uses (cont.)	11	San Francisco should develop a mechanism to prioritize the re-permitting of medical cannabis business operators who were shut down by the federal government or lost their original permit due to sale of building and loss of lease.
	12	San Francisco should align regulations for adult use cannabis retail signage on store fronts with regulations for other retail businesses.
MCD and Adult Use Retail Zoning Approval Processes	13	Medical cannabis dispensaries have more stringent ADA requirements to increase access for patients, which may not be necessary for adult use retailers. Therefore, adult use cannabis retailers, as distinct from medical use cannabis retailers, should not be subject to the heightened ADA requirements that currently apply to MCDs.
	14	San Francisco should craft a reasonable process for current medical cannabis dispensaries to transition into the adult use market. A “transition” would include a medical dispensary adding adult use products or a medical dispensary switching to an adult use business model. Such “grandfathered” medical cannabis businesses should be exempt from any new, more restrictive land use provisions that may be applicable to adult use retail businesses.
Recommendation Sub-Category: Social Justice/Workforce Development		
Successful Workforce	15	San Francisco should collaborate with San Francisco City College, San Francisco Unified School District, and other workforce development organizations and key stakeholders, to develop new or build upon existing training and apprenticeship programs as workforce pathways for individuals to participate in all aspects of the cannabis industry (i.e. cultivation, laboratory testing, manufacturing, retail, etc.). These programs should increase opportunities for individuals to enter the cannabis industry, but also be part of a broader workforce strategy to increase job opportunities in other sectors, such as IT, human resources, and finance.

Recommendation Category 2: Land Use and Social Justice (LUSJ)

	#	Recommendation
Successful Workforce (cont.)	16	San Francisco should ensure that those with a criminal justice history are not automatically barred from job opportunities within the cannabis industry, and that license holders are incentivized to hire people with a criminal justice history to the extent possible.
	17	San Francisco should create incentives (rather than mandates) for cannabis businesses to hire local residents and individuals from communities affected by mass incarceration. The City should also create hiring preference policies for residents who have moved out of the City due to the high cost of living.
	18	San Francisco should lower financial barriers to enter the cannabis industry by collaborating with workforce development organizations to provide high quality, free or low-cost cannabis workforce trainings, which should include both online and in-person modalities.
	19	The cannabis industry is a dynamic field, and as such, San Francisco should collaborate with workforce development organizations to provide continuing education to maintain a well-trained, competent workforce and assure patient/consumer safety as new technologies and products emerge.
	20	San Francisco should create job opportunities and mechanisms to educate, train, and hire formerly incarcerated persons, transitional age youth (age 18-21), and young adults (age 21-26). The City’s current process for hiring formerly incarcerated persons could serve as a model.
	21	San Francisco should work with key stakeholders to develop mechanisms to publicize job opportunities and draw diverse candidates to the cannabis workforce, such as job fairs, public education campaigns, or other pipelines.

Recommendation Category 2: Land Use and Social Justice (LUSJ)

	#	Recommendation
Successful Workforce (cont.)	22	San Francisco should ensure that existing workforce policies and protections for wage and benefit rights are extended to the cannabis industry workforce, such as connecting worker rights protections to the permitting process.
	23	Post-legalization, there will be a need for lab technicians with the capacity for testing cannabis products, and San Francisco should invest in this capability.
Entrepreneurship Opportunities	24	<p>San Francisco should engage workforce development organizations, community-based organizations, community members, and other key stakeholders to develop strategies to reduce economic barriers for people of color, women, and formerly incarcerated persons to enter the cannabis industry as entrepreneurs. Strategies could include:</p> <ul style="list-style-type: none"> a) Consider a prioritized permitting process to help operators reduce initial start-up costs (e.g. subsidized rent while undergoing permitting process) b) Creation of grants or other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership c) Equity licensing d) Subsidized permitting and licensing fees e) Use of existing small business support structures and programs as models, such as the Mission Economic Development Agency (MEDA), Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE) programs, and others.
	25	Due to federal cannabis prohibition, cannabis business owners cannot easily access banking services, and therefore, must operate on a largely cash-only basis. Thus, business ownership is limited to entrepreneurs with access to capital. San Francisco should therefore advocate for a change in federal prohibition policy and explore opportunities to use City funding and/or local credit unions to provide banking services, such as small business loans, to cannabis businesses.

Recommendation Category 2: Land Use and Social Justice (LUSJ)

	#	Recommendation
Proposition 64 Community Reinvestment Grants	26	<p>San Francisco should apply for Proposition 64 Community Reinvestment Grants and collaborate with key stakeholders to allocate funding to programs that benefit the communities targeted by the Proposition 64 grant funding. Program priority areas could include:</p> <ul style="list-style-type: none"> • the educational system • childcare subsidies • services for formerly incarcerated persons and other communities affected by cannabis prohibition • housing • job creation • behavioral health services • criminal record expungement
	27	San Francisco should encourage cannabis businesses to invest in community benefit agreements that allocate resources to community.
Social Justice	28	San Francisco should include cultural competency trainings as part of the cannabis workforce development strategy.
	29	San Francisco should develop pathways, such as an amnesty program, to encourage existing businesses to transition from the illicit to legal market.
	30	San Francisco and the San Francisco Police Department should collaborate with community policing and diversion programs to educate businesses on the transition from the illicit to legal market.

Recommendation Category 2: Land Use and Social Justice (LUSJ)

	#	Recommendation
Social Justice (cont.)	31	The San Francisco District Attorney and Public Defenders Offices should work to streamline the record expungement and resentencing process for individuals with eligible previous convictions as outlined in the Proposition 64.

-END-

Recommendation Category 3: Regulation and City Agency Framework (RCAF)

	#	Recommendation
Recommendation Sub-Category: Licensing		
Licensing - Local Industry Licenses	1	San Francisco should develop a local adult use cannabis licensing system that aligns and builds upon the State license types and structure.
	2	<p>San Francisco should consider creation of new license types, in addition to the State-defined license types, to accommodate the diverse businesses within the adult use cannabis industry in the City. Any newly created local license types should be shared with the State and may include the following:</p> <ul style="list-style-type: none"> • New category: Manufacturing 6B Special baking/cooking license • New category: Consumption lounge • New category: Events (e.g. commercial events and farmers’ markets, etc.) <p>The City should also explore the possibility for one-day event permits.</p>
	3	San Francisco should support existing businesses to participate in cannabis industry by allowing for dual (i.e. the ability to sell both non-cannabis & cannabis products) licensing opportunities.
	4	In order to provide a consumption space, San Francisco should consider waiving licensing requirements for smoking tents at special events where there is no cannabis distribution.
	5	Proposition 64 includes a Type 7 = Manufacture 2 license for sites that manufacture cannabis products using volatile solvents. In planning for these uses, San Francisco should use the Planning Department’s zoning map for volatile manufacturing and only issue Type 7 = Manufacturer 2 licenses in these permitted areas.

Recommendation Category 3: Regulation and City Agency Framework (RCAF)

	#	Recommendation
Licensing - Local Workforce Licensing	6	<p>San Francisco should consider workforce licensing requirements that create uniform standards across businesses. The City should work with relevant stakeholders to identify appropriate training requirements that achieve a balance between creating minimum standards that do not also create a barrier to entering the industry. The City should consider various job training formats (e.g. on-the-job training, apprenticeship certification, continuing education, shadow programs at dispensaries, etc.) and leverage existing programs to develop and implement adult use cannabis workforce education and training. The following entities could be involved in this effort:</p> <ul style="list-style-type: none"> • Office of Small Business • City College of San Francisco and other community colleges • San Francisco Unified School District • Charter or private schools • Unions • Oaksterdam University • Patient Focused Certification Program – Americans for Safe Access
Licensing - Non-Profit Licenses	7	<p>San Francisco should encourage the non-profit model and make non-profit licenses available for cannabis organizations that provide compassion programs and supportive services.</p>
Deliveries	8	<p>San Francisco should consider a local license that would allow for adult use mobile delivery/retail services without the brick and mortar retail requirement. Adult use cannabis retailers that possess a delivery-only license should have a hub, or centralized location, to process orders. In-home cannabis businesses could have impacts on residential neighborhoods, so these hubs should be in non-residential or live/work commercial zoning locations.</p>

Recommendation Category 3: Regulation and City Agency Framework (RCAF)

	#	Recommendation
Deliveries (cont.)	9	Delivery drivers will need proof of authority to fill delivery orders. The driver should possess an order manifest that includes patient name, order date, delivery date, business name, items ordered, and order time. However, delivery address should not be included, as inclusion of this information may pose a safety risk to consumers.
	10	San Francisco should allow permitted medical cannabis dispensaries that currently operate delivery services to continue to provide deliveries.
	11	Delivery drivers should receive appropriate training to minimize potential safety risks.
MCDs and Adult Use Market Participation	12	San Francisco should allow cannabis retailers to participate in both the medical cannabis and adult use cannabis markets.
	13	The licensing process for medical cannabis dispensaries should not be more restrictive than that for adult use retail licensees.
	14	San Francisco should consider creating a licensing priority for current medical cannabis dispensary operators in operation as of, or prior to, September 1, 2016, to apply for adult use cannabis licenses. This aligns with Proposition 64's existing licensing priority provision.

Recommendation Category 3: Regulation and City Agency Framework (RCAF)

	#	Recommendation
Recommendation Sub-Category: Taxation and Revenue		
Taxation	15	Proposition 64 establishes State adult use cannabis taxes. To complement the State’s taxation system, San Francisco should consider establishing local cannabis taxes to generate revenue that may be allocated to local cannabis legalization priorities not already funded through state taxes or other funding mechanisms.
	16	If San Francisco decides to implement local adult use cannabis taxes, the City should consider up to a 1% excise tax or gross receipt tax. The State will impose a 15% excise tax on adult use cannabis. Therefore, the local excise tax should not exceed 1%, to prevent consumers from purchasing from the illicit market due to taxes that are perceived to be too high.
	17	Given that the cannabis industry currently operates primarily on a cash-only basis, San Francisco’s Office of the Treasurer should create a mechanism to collect local adult use cannabis taxes.
Revenue Allocation Priorities	18	San Francisco should consider allocating some potential State and local adult use cannabis tax revenue towards the City’s local regulatory, policy, and programmatic goals with respect to cannabis legalization. Allocation priorities include, but are not limited to: <ul style="list-style-type: none"> • Workforce development • Entrepreneurial opportunity fund • Education for students and youth • Education and training for formerly incarcerated persons • Community-identified priorities (e.g. community benefit agreements)
Data Collection	19	San Francisco should use an evidence-based approach to inform future adult use cannabis policies and legislation. The City should engage key stakeholders to identify and collect appropriate data points to assess the impact of cannabis legalization.

Recommendation Category 3: Regulation and City Agency Framework (RCAF)

	#	Recommendation
Recommendation Sub-Category: Agency Oversight		
Local Regulatory and Regulatory Oversight Structure	20	<p>In developing an appropriate local regulatory and regulatory oversight structure for adult use cannabis, San Francisco should consider the following characteristics to ensure success for the entities responsible for regulation:</p> <ul style="list-style-type: none"> • Responsive • Timely • Accountable • Strong leadership • Transparent • Promote certainty in process • Multi-agency collaborative model <p>The entities responsible for regulation should not play an advocacy role.</p>
	21	<p>San Francisco should consider new and/or existing regulatory and regulatory oversight structures for adult use cannabis regulation. Options would include the following:</p> <ul style="list-style-type: none"> • Option 1: Standalone agency with its own staff and commission • Option 2: Standalone agency with its own staff, no commission • Option 3: Part of an existing agency or agencies
Local Agency Collaboration	22	<p>San Francisco should anticipate that numerous City agencies will have a role in adult use cannabis regulation. City agencies that may play a role in adult use cannabis regulation include, but are not limited to: the Department of Public Health, Police Department, Planning Department, Fire Department, Tax Collector’s Office, Department of Building Inspection, San Francisco Municipal Transportation Authority, Department of Public Works. The cannabis regulatory role of each agency should be distinct and not overlap.</p>

Recommendation Category 3: Regulation and City Agency Framework (RCAF)

	#	Recommendation
Track and Trace	23	Proposition 64 establishes a State-level track and trace monitoring system to track cannabis from seed to sale. This State system is sufficient for local cannabis tracking within San Francisco.

-END-

Appendix D: Task Force Response to the Local Ordinance

October 26, 2017

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

RE: Proposed Local Cannabis Ordinance Introduced September 26, 2017 – File Nos. 171041, 171042

Dear President Breed and Supervisors,

As members of the San Francisco Cannabis State Legalization Task Force, we have worked diligently for the last two years to present recommendations to the Board of Supervisors.

During the most recent October 18, 2017, Task Force meeting, the Task Force spent a considerable amount of time reviewing the proposed cannabis ordinance introduced on September 26, 2017 – “Local Ordinance.” We revisited what Task Force recommendations were included, what recommendations were excluded, and what recommendations did not need to be addressed with legislation.

We feel that some of our Year I and Year II recommendations still need to be addressed.

The Task Force respectfully submits the below comments regarding the Local Ordinance:

General

- **Local Leadership.** In general, San Francisco should provide local leadership for the cannabis industry in instances where State law is unclear or only limited information exists.

Consumption

- **Expansion of Adult Use Hospitality Venues.** The Task Force recommends that the Local Ordinance incorporate a general statement of intent to expand opportunities for cannabis use in hospitality venues, such as dining establishments. Implementation strategies for these venues should be developed in collaboration with key stakeholders, such as culinary and hospitality organizations.
- **Consumption Areas.** The Task Force requests that the City continue to explore and consider a land use designation for consumption lounges and establish guidelines to prevent cross-contamination.
- **Smoking/Vaping Locations.** The City should address the issue of equal opportunity for businesses by designating consumption lounges for smoking/vaping consistent with the creation of lounges for the consumption of edibles already contemplated within the Local Ordinance. This can be achieved by allowing applications for consumption lounge permits for smoking/vaping. The Local Ordinance should designate the locations where smoking/vaping can occur.

- **Cannabis Consumption in Parked Cars.** The City should consider enforcement of State law with respect to public cannabis consumption in vehicles (i.e. imposing fines, fees, and arrests) as a low priority.

Land Use

- **Cannabis Retail Distance of 500 feet from Sensitive Uses.** The Task Force proposes a distance of 500 feet to align with San Francisco’s current distance for existing tobacco retail permittees.
* Note: The Task Force reached modified consensus on this issue. Discussion points and concerns related to proximity to sensitive uses were as follows:
 - A distance of 500 feet was proposed to align with San Francisco’s current distance requirements for tobacco retail locations.¹ Some Task Force Members felt that 500 feet was too close of a distance to sensitive uses. Task Force Members also expressed concerns that distances less than the State standard of 600 feet would be contrary to public opinion and make cannabis retailers more susceptible to federal raids and business closures. One Task Force Member expressed concern that distances less than the current San Francisco requirement of 1,000 feet from schools are subject to mandatory minimum sentencing under Federal law, and prefers to keep the status quo of 1,000 feet rather than risk exposing retailers to additional liability of federal incarceration. Other Task Force Members supported a distance less than 500 feet, but agreed to move forward with the overall recommendation.
- **Sensitive Uses Proximity.** The Local Ordinance should include a statement that the City will consider exceptions (i.e. less than the currently proposed 600 feet) with respect to the distance new cannabis retailers can operate in proximity to sensitive uses in specific communities where appropriate, e.g. the Castro. *Note: the above modified consensus points and concerns are also applicable to this recommendation.
- **Clustering.** The City should use the Conditional Use Authorization approval process in determining alternatives to the 300 foot clustering requirement outlined in the Local Ordinance. *Note: The Task Force reached modified consensus on this issue, with one Task Force Member supporting a clearly defined clustering requirement rather than the use of Conditional Use Authorization in certain cases. One Task Force Member also felt that 300 feet was too close of a distance between cannabis retail locations.

Permitting

- **Local Permitting - General.** The Task Force has recommended that the City consider a waiver of permitting requirements for cannabis smoking tents at special events, workforce permitting requirements that create uniform standards across businesses, a non-profit permitting framework, and delivery driver requirements. These issues are either unaddressed or partially addressed in the Local Ordinance. The Task Force therefore requests that the Local Ordinance reconsider these specific recommendations.
- **Nursery Permitting.** The Local Ordinance should define the nursery permitting structure and approve nursery permits rather than wait for the State to provide further clarity in this area.

¹ See San Francisco Health Code § 19H.4(f)(3).

- **Community Engagement as Part of Permitting and Land Use Approval Processes.** The Task Force supports the permitting and land use community engagement provisions as drafted.
- **Accessory Use.** The Local Ordinance does not contemplate accessory use permits at this time, and the Task Force supports an accelerated process for developing the accessory use permitting framework. *Note: The Task Force reached modified consensus on the issue of expedited accessory use consideration, with general support of the accessory use concept. One Task Force Member did not want accessory use to be part of the immediate implementation plan for the City's cannabis legalization framework.
- **Agency Oversight.** The Task Force supports the City agency regulatory structure provisions as drafted.
- **Cannabis Event Permitting.** The Local Ordinance should include a process for cannabis event permitting.

Taxation

- **Tax Revenue Allocation Priorities and Data Collection.** The Task Force requests that the Office of Cannabis consider allocating potential tax revenue towards the City's local regulatory, policy, and programmatic goals, and prioritize the collection of appropriate data points to assess the impact of cannabis tax expenditures in achieving these goals. For reference, the Task Force's suggested allocation priorities include, but are not limited to: workforce development, entrepreneurial opportunity funds, education for students and youth, education and training for formerly incarcerated persons, and community-identified priorities.

Other

- **SFUSD Collaboration.** The Task Force recommendations specific to collaborating with the San Francisco Unified School District (SFUSD) were not legislated in the Local Ordinance. The Task Force therefore requests that the Local Ordinance contain a statement that references the intent to collaborate with SFUSD in the development of age-appropriate cannabis education in health education programs and builds upon the school district's existing educational model.
- **Public Safety.** The Task Force supports the public safety-related provisions of the ordinance as drafted.

Thank you for your consideration, and please feel free to contact us with any concerns, comments or questions. We look forward to working closely with you to ensure a safe environment for consumers, patients, and workers in San Francisco's regulated cannabis industry.

Sincerely,

Sara Payan, Seat #12 & Co-chair

Terrance Alan, Seat #19 & Chair

Jennifer Garcia, Seat #20 & Co-chair

San Francisco Cannabis State Legalization Task Force

Appendix E: Task Force Response to the Proposed Equity Program

November 27, 2017

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

RE: Proposed Equity Program in Local Cannabis Ordinance – File No. 171042

Dear President Breed and Supervisors,

During the November 8, 2017 Cannabis Task Force meeting, the Task Force spent considerable time reviewing the proposed Equity Program provisions in the local cannabis ordinance.

The Task Force respectfully submits the following comments regarding the proposed Equity Program:

Section	#	Task Force Response to Equity Program
1604(b)(1)		Task Force supports Local Ordinance as drafted.
1604(b)(2)	1.	Time period. The Task Force requests the period extend from 2009 to the current date, 2017.
	2.	Census tracts and household poverty. The Task Force recommends the use of a weighted system that takes into consideration poverty level of neighborhood of origin (i.e., so that it is no longer a requirement that an individual live in a census tract where at least 17% of the households were in poverty). While some Task Force members think that the neighborhood criteria of 17% poverty is appropriate to focus on neighborhoods that are disproportionately affected by poverty, other Task Force members think it eliminates people who would otherwise be eligible. The use of a weighted system that prioritizes individuals from neighborhoods with higher rates of poverty would address both of these concerns.
1604(b)(3)	3.	Consideration of non-liquid assets. In order to maintain the integrity of this asset exclusion category, the Task Force recommends that the Director should have the ability to consider non liquid assets, excluding the primary residence.
1604(b)(4)(E)	4.	Ownership capacity. The Task Force is concerned that the ownership structure of a cooperative may threaten the goal for target populations to be the actual business owners with control of the organization, and advises that this be written in such a way that it does not interfere with this goal.
1604(b)(5)		Task Force supports Local Ordinance as drafted.
1604(c)(1)	5.	Hiring local residents. The Task Force requests that the proposed requirement of 50% of all Business Work Hours to be performed by Local Residents be an aspirational goal, and for the minimum requirement to be 35% of all Business Work Hours that should be performed by Local Residents.
1604(c)(2)	6.	Employment of target populations. The Task Force requests this item to be removed, as the Task Force has concerns about the legality and enforceability of

Section	#	Task Force Response to Equity Program
		these requirements, and also thinks that it is too onerous of a burden on employers.
1604(c)(3)		Task Force supports Local Ordinance as drafted.
1604(c)(4)(A)	7.	Provide technical assistance and mentoring. The Task Force recommends that the requirement for the provision of technical assistance and mentoring be quantified and strengthened.
1604(c)(4)(B)	8.	Provide rent-free commercial space. The Task Force has concerns about adding an option to “fee out,” or pay a fee sufficient to support the equity applicant. Without additional information, we cannot provide a recommendation at this time for an option that adequately supports the goals of an equity program.

In addition, the Task Force, along with its previously submitted social justice recommendations, believes the City should expand target populations within the context of social justice/equity to include:

- Families of people who have been incarcerated
- Veterans
- People in poverty

Thank you for your consideration, and please feel free to contact us with any concerns, comments or questions.

Sincerely,

Sara Payan, Seat #12 & Co-chair
Terrance Alan, Seat #19 & Chair
Jennifer Garcia, Seat #20 & Co-chair
San Francisco Cannabis State Legalization Task Force