



SFCRA

530 Divisadero St., Ste. 226

San Francisco, CA 94117

www.sfcra.org

Please remove the amendment to Section 1622(b)10 of Article 16 proposed at Rules Committee Nov 29.

The San Francisco Cannabis Retailers Alliance respectfully requests the removal of the “dynamic manifest delivery” amendment to Section 1622(b)10 of Article 16. Please return Section 1622(b)10 back to its original form. In the absence of the removal of this amendment, we request to have the file split on Monday, so the entire Board of Supervisors can consider and vote on this important issue.

“Dynamic manifest”, also known as “on-demand”, cannabis delivery is dominated by Eaze, a big tech company with massive venture capital money behind it. This new amendment will allow for Eaze to move back to dynamic delivery in San Francisco with the following results:

- **UNDERMINES EQUITY SUBSTANTIALLY:** This undermines the goals of the Equity Program by handing 20-30% of all cannabis sales over to one giant corporation. Eaze, like Amazon in the early days, is running at a break even or loss to capture market share. They have millions of venture capital dollars behind them and can afford to operate like this, while our local Equity Applicants cannot. This will put any cannabis retail business on the edge of profitability, be they storefront or delivery, out of business.
- **CONSOLIDATES THE INDUSTRY:** When Eaze was previously operating with dynamic manifest delivery, they were doing **approximately \$300K per day in sales, that’s over \$100M per year, a number estimated to be around 30% of the total retail cannabis market in San Francisco.** This amendment is akin to approving 50-100 mobile dispensaries for Eaze. That’s more than the total number of dispensaries currently operating in the City. Conversely, a new amendment to the legislation seeks to create more opportunities for a wider pool of entrepreneurs by limiting each Owner to two storefront cannabis retail permits. This carve out for Eaze does the exact opposite by consolidating cannabis retail for the benefit of a large tech company.
- **REWARDS BAD BEHAVIOR BY A TECH COMPANY:** Eaze, and other delivery operators, were banned from doing dynamic manifest cannabis deliveries after the problems associated with that method of delivery became apparent. Now they are trying to come back and do it again. Why would we reward a company for operating outside of the law? They shouldn’t be able to come back and operate in SF. Its Airbnb and Uber all over again.

- **DETRIMENT TO PUBLIC SAFETY:** Dynamic manifest delivery is not safe. Cannabis delivery drivers operating under the dynamic manifest model have been robbed at gunpoint multiple times. Orders are put together on the street, in the back of a car trunk, by a single driver, with no security watching their back. Brick and mortar cannabis retailers are inherently safer. We have security guards, cameras, safe rooms, and silent alarms/panic buttons connected directly to SFPD.
- **HURTS OUR LOCAL MERCHANT CORRIDORS:** This will further impact our local merchants that have seen a severe drop in foot traffic and an increase in vacancies due to e commerce and Amazon. If Eaze is allowed to dominate the market for cannabis retail, there will be fewer customers visiting brick and mortar dispensaries, and less potential customers for neighboring businesses.

Please carefully consider the impact this amendment will have. We welcome any conversations to discuss the topic further. We respectfully request the amendment is removed from the legislation or that the file is split at Rules Committee Monday to allow for further discussion among the entire Board of Supervisors.

Thank you on behalf of the Cannabis Retailers Alliance.

Sincerely,

Johnny Delaplane

Johnny Delaplane
Director, San Francisco Cannabis Retailers Alliance
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