

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Regina Dick-Endrizzi, Director
Small Business Commission, City Hall, Room 448
FROM: John Carroll, Assistant Clerk, Public Safety and Neighborhood Services
Committee, Board of Supervisors
DATE: August 3, 2018
SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Public Safety and Neighborhood Services Committee

The Board of Supervisors' Public Safety and Neighborhood Services Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

File No. 180805

Ordinance amending the Police Code to require Cannabis Businesses, when entering into a City-mandated Labor Peace Agreement or collective bargaining agreement, to also agree that 35% of new hires shall be graduates of State-approved apprenticeship programs or of City-certified pre-apprenticeship programs, if a relevant program of either type exists.

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102.

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RESPONSE FROM SMALL BUSINESS COMMISSION - Date: \_\_\_\_\_

\_\_\_ No Comment

\_\_\_ Recommendation Attached

Chairperson, Small Business Commission

1 [Police Code - Agreements Between Cannabis Businesses and Labor Organizations - Hiring  
2 Graduates of Apprenticeship and Pre-Apprenticeship Programs]

3 **Ordinance amending the Police Code to require Cannabis Businesses, when entering**  
4 **into a City-mandated Labor Peace Agreement or collective bargaining agreement, to**  
5 **also agree that 35% of new hires shall be graduates of State-approved apprenticeship**  
6 **programs or of City-certified pre-apprenticeship programs, if a relevant program of**  
7 **either type exists.**

8 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
10 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.  
11 **Board amendment additions** are in double-underlined Arial font.  
12 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
13 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
14 subsections or parts of tables.

15 Be it ordained by the People of the City and County of San Francisco:

16 Section 1. The Police Code is hereby amended by revising Sections 1609 and 1618,  
17 to read as follows:

18 **SEC. 1609. PERMIT APPLICATIONS.**

19 \* \* \* \*

20 (b) **Information Required of All Applicants for Cannabis Business Permits.** The  
21 application form for all Cannabis Business Permit Applicants shall require the Applicant to  
22 provide the following information and documentation:

23 \* \* \* \*

24 (12) For Applicants with 10 or more employees, each Applicant must agree  
25 that, as a condition of any permit awarded under this Article 16, the Applicant will enter into,  
and abide by the terms of, either of the following prior to the award of such a permit:

- 1 (A) A Labor Peace Agreement; or,  
2 (B) A collective bargaining agreement with a Bona Fide Labor  
3 Organization.

4 To encourage the existence of a stable, well-trained workforce in the cannabis industry, as part  
5 of any Labor Peace Agreement or collective bargaining agreement made pursuant to this subsection  
6 (b)(12), the Cannabis Business shall agree that 35% of its new hires shall be graduates of  
7 apprenticeship programs approved by the State or of pre-apprenticeship programs certified by the City,  
8 if, for the type of Cannabis Business in question (as set forth in Section 1607) there exists a relevant  
9 State-approved apprenticeship program or City-certified pre-apprenticeship program, and if graduates  
10 of any such apprenticeship or pre-apprenticeship program are seeking employment in sufficient  
11 numbers to satisfy 35% of the Cannabis Business's new hiring needs. The Labor Peace Agreement or  
12 collective bargaining agreement shall further provide that, if graduates of any such apprenticeship or  
13 pre-apprenticeship program are not seeking employment in sufficient numbers to satisfy 35% of the  
14 Cannabis Business's new hiring needs, then the Cannabis Business shall hire such graduates to the  
15 extent feasible.

16 For purposes of this subsection, the Office of Economic and Workforce Development shall have  
17 the power to establish standards governing pre-apprenticeship programs, and shall be responsible for  
18 certifying, on behalf of the City, pre-apprenticeship programs that meet those standards. To facilitate  
19 compliance with this subsection, the Office of Economic and Workforce Development shall maintain  
20 and publicize a list of State-approved apprenticeship programs and City-certified pre-apprenticeship  
21 programs relevant to Cannabis Businesses. This list shall specify types of Cannabis Businesses (as set  
22 forth in Section 1607) to which each such program is relevant.

1 \* \* \* \*

2 **SEC. 1618. ELIGIBILITY AND OPERATING STANDARDS APPLICABLE TO ALL**  
3 **CANNABIS BUSINESSES.**

4 \* \* \* \*

5 (ff) Every Cannabis Business shall ensure that at least 50% of all Business Work  
6 Hours are performed by Local Residents, *provided, however, that until December 31, 2018, unless*  
7 *one of the following exceptions applies:*

8 (1) Cannabis Businesses that previously held a Medical Cannabis  
9 Dispensary permit under Article 33 of the Health Code shall ensure that at least 35% of all  
10 Business Work Hours are performed by Local Residents. *This exception shall expire by*  
11 *operation of law on January 1, 2019.*

12 (2) *If a Cannabis Business, pursuant to Section 1609(b)(12), enters into and abides*  
13 *by a Labor Peace Agreement or collective bargaining agreement requiring that 35% of its new hires be*  
14 *graduates of any relevant apprenticeship programs certified by the State or of any relevant pre-*  
15 *apprenticeship programs certified by the City, and if the Cannabis Business can show that at least 35%*  
16 *of employees hired after the effective date of the Labor Peace Agreement or collective bargaining*  
17 *agreement have been graduates of such apprenticeship or pre-apprenticeship programs, then that*  
18 *Cannabis Business shall be exempt from the requirements of this subsection (ff).*

19 (3) *If a Cannabis Business, pursuant to Section 1609(b)(12), enters into and abides*  
20 *by a Labor Peace Agreement or collective bargaining agreement requiring that 35% of its new hires be*  
21 *graduates of any relevant apprenticeship programs certified by the State or of any relevant pre-*  
22 *apprenticeship programs certified by the City, and if the Cannabis Business can show that graduates of*  
23 *any such apprenticeship or pre-apprenticeship program are not seeking employment in sufficient*  
24 *numbers to satisfy 35% of the Cannabis Business's new hiring needs, that Cannabis Business shall be*  
25

1 exempt from the requirements of this subsection (ff), if the Cannabis Business can further show that it  
2 has hired such graduates to the extent feasible.

3 Business Work Hours performed by residents of states other than California shall not  
4 be considered in calculation of the number of Business Work Hours to which ~~this requirement~~  
5 ~~applies~~the requirements of this subsection (ff) apply. The Director of the Office of Cannabis may  
6 approve a time-limited waiver or reduction of ~~this requirement~~the requirements of this subsection,  
7 upon a showing by the Cannabis Business that it was unable to locate a sufficient number of  
8 qualified Local Residents.

9 \* \* \* \*

10 Section 2. Prospective Application Only. This ordinance shall apply only to Labor  
11 Peace Agreements or collective bargaining agreements entered into or modified after the  
12 effective date of this ordinance. This ordinance shall not be construed to require the parties to  
13 any existing Labor Peace Agreement or collective bargaining agreement to modify that  
14 agreement, unless and until the parties otherwise wish to negotiate a modification of that  
15 agreement.

16  
17 Section 3. Effective Date. This ordinance shall become effective 30 days after  
18 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
19 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
20 of Supervisors overrides the Mayor's veto of the ordinance.

21  
22 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
23 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
24 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
25 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment

1 additions, and Board amendment deletions in accordance with the "Note" that appears under  
2 the official title of the ordinance.

3  
4 APPROVED AS TO FORM:  
5 DENNIS J. HERRERA, City Attorney

6 By: Matthew Lee  
7 MATTHEW LEE  
8 Deputy City Attorney

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## LEGISLATIVE DIGEST

[Police Code - Agreements Between Cannabis Businesses and Labor Organizations - Hiring Graduates of Apprenticeship and Pre-Apprenticeship Programs]

**Ordinance amending the Police Code to require Cannabis Businesses, when entering into a City-mandated Labor Peace Agreement or collective bargaining agreement, to also agree that 35% of new hires shall be graduates of State-approved apprenticeship programs or of City-certified pre-apprenticeship programs, if a relevant program of either type exists.**

### Existing Law

Article 16 of the City's Police Code sets forth comprehensive regulations governing commercial cannabis activity in the City. Under Article 16, businesses must obtain a permit from the City to engage in commercial cannabis activity. Among other things, Article 16 requires cannabis-business-permit applicants with 10 or more employees to enter into, and abide by the terms of, either a labor peace agreement (as defined in Article 16) or a collective bargaining agreement.

Article 16 also generally requires cannabis businesses to ensure that at least 50% of all business work hours be performed by local residents.

### Amendments to Current Law

This ordinance would require that, as part of any labor peace agreement or collective bargaining agreement made pursuant to Article 16, a cannabis business must agree that 35% of its new hires will be graduates of apprenticeship programs approved by the State or pre-apprenticeship programs certified by the City, if a relevant program of either type exists. If graduates of such programs are not seeking employment in sufficient numbers to satisfy 35% of the cannabis business's new hiring needs, then the cannabis business would be required to hire such graduates to the extent feasible.

The ordinance would only apply prospectively: the ordinance would apply only to labor peace agreements or collective bargaining agreements entered into, or modified, after the ordinance's effective date.

The Office of Economic and Workforce Development (OEWD) would be responsible for certifying pre-apprenticeship programs on behalf of the City. OEWD would also be responsible for maintaining and publicizing a list of State-approved apprenticeship programs and City-certified pre-apprenticeship programs. The list would specify the type of cannabis

FILE NO. 180805

business (as set forth in Police Code Section 1607—for example, cultivation, manufacturing, or retail) to which each such program is relevant.

Cannabis businesses that entered into, and abided by, a labor peace agreement or collective bargaining agreement containing the requirement imposed by this ordinance would be exempt from the requirement that at least 50% of business work hours be performed by local residents.

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# Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

Time stamp  
or meeting date  
2018 JUL 31 PM 1:56  
AK

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [ ] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Topic submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Supervisor Ahsha Safai

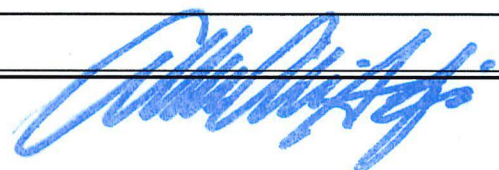
Subject:

Police Code - Agreements Between Cannabis Businesses and Labor Organizations for Hiring Graduates of Apprenticeship and Pre-Apprenticeship Programs

The text is listed:

Ordinance amending the Police Code to require Cannabis Businesses, when entering into a City-mandated Labor Peace Agreement or collective bargaining agreement, to also agree that 35% of new hires shall be graduates of State-approved apprenticeship programs or of City-certified pre-apprenticeship programs, if a relevant program of either type exists.

Signature of Sponsoring Supervisor: [ ]



For Clerk's Use Only