

BOARD of SUPERVISORS



City Hall  
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# MEMORANDUM

TO: Regina Dick-Endrizzi, Director  
**Small Business Commission, City Hall, Room 448**

FROM: *ll* Linda Wong, Assistant Clerk  
*for* Budget and Finance Committee

DATE: February 12, 2019

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Budget and Finance Committee

The Board of Supervisors' Budget and Finance 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. 190109**

**Ordinance amending the Police Code to establish procedures for the Office of Cannabis to issue permits authorizing cannabis sales or consumption, or both, in connection with temporary events; amending the Business and Tax Regulations Code to establish an application fee for such permits; and affirming the Planning Department's determination under the California Environmental Quality Act.**

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, CA 94102.

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

**No Comment**

**Recommendation Attached**

\_\_\_\_\_  
**Chairperson, Small Business Commission**

c: Dominica Donovan, Small Business Commission

1 [Police, Business and Tax Regulations Codes - Event-Related Cannabis Permits - Application  
2 Fee]

3  
4 **Ordinance amending the Police Code to establish procedures for the Office of**  
5 **Cannabis to issue permits authorizing cannabis sales or consumption, or both, in**  
6 **connection with temporary events; amending the Business and Tax Regulations Code**  
7 **to establish an application fee for such permits; and affirming the Planning**  
8 **Department's determination under the California Environmental Quality Act.**

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

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

17 Section 1. The Planning Department has determined that the actions contemplated in  
18 this ordinance comply with the California Environmental Quality Act (California Public  
19 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the  
20 Board of Supervisors in File No. \_\_\_\_ and is incorporated herein by reference. The Board  
21 affirms this determination.

22 Section 2. Article 16 of the Police Code is hereby amended by adding Section 1621.5,  
23 to read as follows:

24 **SEC. 1621.5. EVENTS.**

25 **(a) Cannabis Event Permits. In addition to the Cannabis Business Permits described elsewhere in this Article 16, the Director may, as set forth in this Section 1621.5, issue Cannabis Event**

1 Permits authorizing sales of cannabis or cannabis products to, and/or consumption of cannabis or  
2 cannabis products by, persons 21 years of age or older, in connection with temporary events. For  
3 purposes of this Section, "temporary events" shall be defined consistent with California Business and  
4 Professions Code Section 26200(e) and implementing regulations. Such events may be held in any  
5 location approved by the Director and otherwise consistent with applicable State and City laws,  
6 whether that location is on or off the Premises of a Cannabis Business.

7 (b) Applications. Each applicant for a Cannabis Event Permit shall file an application with  
8 the Director in such form as the Director may require, and provide the Director with any requested  
9 information concerning the applicant and related Persons, the proposed event, and other subjects that  
10 the Director deems relevant to the proposed event. Additionally, each applicant shall pay the  
11 application fee set forth in Section 249.20 of the Business and Tax Regulations Code.

12 (c) State Approval. A Cannabis Event Permit may be issued only to an applicant who holds  
13 an Event Organizer License issued by the California Bureau of Cannabis Control, or that is otherwise  
14 authorized by State law to organize temporary cannabis events.

15 (d) Concurrence of Relevant City Departments. Whenever any other City department,  
16 office, agency, commission, or official (collectively, "City entity") has issued a permit in connection  
17 with a temporary event, or has received an application for such a permit, or otherwise has the authority  
18 to issue permits necessary for a temporary event, and an applicant seeks a Cannabis Event Permit in  
19 connection with that event, the Director shall consult with each such City entity before issuing any  
20 Cannabis Event Permit. In each such case, the Director shall not issue a Cannabis Event Permit unless  
21 each City entity determines, under the criteria it may otherwise use to grant or deny a permit in  
22 connection with the proposed event (including, but not limited to, any policy adopted by the City entity  
23 relating to cannabis sales and/or consumption at events) that the Cannabis Event Permit should issue,  
24 except that the Director may issue a permit conditioned upon approval by other City entities pending  
25 review by those other City entities.

1           (e) Discretionary Grant or Denial. Except as provided in subsections (c), (d), and (h), the  
2 Director may grant or deny a Cannabis Event Permit in his or her reasonable discretion based on one  
3 or more of the following findings:

4           (1) The applicant has not sufficiently established that the sale or consumption of  
5 cannabis or cannabis products at the event would comply with all applicable State and City laws;

6           (2) The applicant has not sufficiently established that the sale or consumption of  
7 cannabis or cannabis products at the event would be consistent with public health or public safety;

8           (3) The applicant has not sufficiently established that the sale or consumption of  
9 cannabis or cannabis products at the event would not have adverse impacts on nearby neighborhoods  
10 or public spaces;

11           (4) The applicant has provided materially false or incomplete information in support  
12 of the application, or has otherwise engaged in conduct that gives the Director cause to doubt the  
13 applicant's credibility or good faith;

14           (5) There is insufficient time to process the permit application adequately in advance  
15 of the proposed event; or

16           (6) There is other good cause to deny the permit.

17           (f) Permit Conditions. Any applicant awarded a Cannabis Event Permit shall be  
18 responsible for ensuring that the temporary event is conducted in compliance with all State and City  
19 laws applicable to the sale and consumption of cannabis at the event. The Director may impose any  
20 permit conditions that the Director deems conducive to the protection of public health and safety, the  
21 mitigation of potential adverse impacts on nearby neighborhoods or public spaces, and the prevention  
22 of underage or otherwise unlawful access to cannabis or cannabis products, or that otherwise would be  
23 conducive to the safe, lawful, and orderly operation of the proposed event.

24           (g) Enforcement and Implementation. Any or all of the following actions may be taken in  
25 conjunction with the implementation or enforcement of this Section 1621.5:

1           (1) The Director may require an event permitted under this Section 1621.5 to cause  
2 any sales or consumption of cannabis or cannabis products at the event to cease or otherwise be  
3 limited, without delay or within such other timeframe as the Director determines, if the Director  
4 determines that such action is necessary to protect public health or safety, or to ensure compliance with  
5 applicable State or City laws.

6           (2) The Director may require the holder of a Cannabis Event Permit to expel from  
7 the event any participant selling cannabis or cannabis products in a manner inconsistent with  
8 applicable State or City laws.

9           (3) Any violation of this Section 1621.5, or of applicable State or City laws, or of  
10 any permit condition imposed pursuant to this Section, may be punished as a violation of this Article  
11 16, using procedures consistent with Sections 1631 and Section 1632.

12           (4) Any violation of this Section 1621.5, of applicable State or City laws, or of any  
13 permit condition imposed pursuant to this Section, may be cause for denial of any application for a  
14 Cannabis Business Permit submitted by the holder of the Cannabis Event Permit or by any other party  
15 responsible for the violation, for suspension or revocation of any existing Cannabis Event Permit, and  
16 for suspension or revocation of any other existing permit to engage in Commercial Cannabis Activity.

17           **(h) Pilot Program.** Prior to January 1, 2020, the Director may issue Cannabis Event  
18 Permits only in connection with events that meet all the following criteria:

19           (1) The event has previously been held on a regular basis;

20           (2) The event, in prior years, has received a City-issued permit; and

21           (3) At the event, in prior years, there has been significant unregulated cannabis  
22 sales or consumption, which the Director determines could be reduced or eliminated at the event by the  
23 issuance of a Cannabis Events Permit. Except as stated in the following paragraph, the restrictions  
24 imposed by this subsection (h) on the operation of this Section 1621.5 shall become inoperative on  
25 January 1, 2020.



1           The Director may extend the pilot program set forth in this subsection (h) one or more times, up  
2 to December 31, 2021, such that no Cannabis Event Permit may issue except as provided under this  
3 subsection (h) prior to the date the Director's extension of the pilot program, if any, ends. The  
4 Director may extend the pilot program as provided herein only upon the Director's written  
5 determination that, in light of other duties imposed on the Office of Cannabis, the Office lacks sufficient  
6 resources to process additional Cannabis Event Permit applications or to otherwise effectively regulate  
7 cannabis-related events.

8           (i) Appeals to Board of Appeals. A decision to grant, deny, suspend, or revoke a permit  
9 under this Section 1621.5, or to add or remove a permit condition under this Section, may be appealed  
10 to the Board of Appeals in the manner prescribed in Article 1 of the Business and Tax Regulations  
11 Code.

12  
13           Section 3. Article 2 of the Business and Tax Regulations Code is hereby amended by  
14 revising Section 249.20, to read as follows:

15           **SEC. 249.20. CANNABIS BUSINESS PERMIT AND LICENSE FEES.**

16           \* \* \* \*

17           (g) The Director of the Office of Cannabis shall charge every applicant for a Cannabis  
18 Event Permit, as set forth in Section 1621.5 of the Police Code, a one-time non-refundable permit  
19 application fee, in the amount set forth below, to recover the costs incurred by the City in processing  
20 applications, regulating events, and in connection with other permit-related activities. This fee may be  
21 waived once for a verified Equity Applicant or Equity Operator (as defined under Police Code Section  
22 1604) that operates a cannabis business as a sole proprietorship or a nonprofit, in connection with a  
23 single event, but shall not be waived for any additional events. The amount of this fee shall be as  
24 follows:

25           (1) For events with an estimated attendance of 500 or fewer people: \$500;

1                   (2)     For events with an estimated attendance of 501 –1000 people: \$1,000;

2                   (3)     For events with an estimated attendance of 1001-2500 people: \$1,500;

3                   (4)     For events with an estimated attendance of 2500 people or more: \$3,000.

4                   Beginning with fiscal year 2020-2021, this fee may be adjusted by the Controller each year on  
5 July 1, without further action by the Board of Supervisors. Not later than April 1 of each year, the  
6 Controller shall determine whether the current fee has produced or is projected to produce revenues  
7 sufficient to support the costs of permit-related activities (including, but not limited to, the processing  
8 of applications and the regulation of events), and that the fees will not produce revenue that is  
9 significantly more than the costs of providing such services. The Controller shall, if necessary, adjust  
10 the fees upward or downward for the upcoming fiscal year as appropriate to ensure that the program  
11 recovers the costs of operation without producing revenue that is significantly more than such costs.  
12 The adjusted fees shall become operative on July 1.

13  
14                   Section 4. Effective Date; Retroactivity.

15                   (a)     This ordinance shall become effective 30 days after enactment. Enactment  
16 occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or  
17 does not sign the ordinance within ten days of receiving it, or the Board of Supervisors  
18 overrides the Mayor's veto of the ordinance.

19                   (b)     If the effective date of this ordinance is after April 20, 2019, this ordinance shall  
20 be retroactive to April 20, 2019.

21 APPROVED AS TO FORM:  
22 DENNIS J. HERRERA, City Attorney

23 By: Matthew Lee  
24       MATTHEW LEE  
25       Deputy City Attorney

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**LEGISLATIVE DIGEST**

[Police, Business and Tax Regulations Codes - Event-Related Cannabis Permits - Application Fee]

**Ordinance amending the Police Code to establish procedures for the Office of Cannabis to issue permits authorizing cannabis sales or consumption, or both, in connection with temporary events; amending the Business and Tax Regulations Code to establish an application fee for such permits; and affirming the Planning Department's determination under the California Environmental Quality Act.**

Existing Law

In addition to regulating permanent cannabis businesses, State law also establishes a framework regulating the sale and consumption of cannabis at temporary events. Under this regulatory framework, cannabis sales and consumption at temporary events are permissible only if authorized by the local jurisdiction in which the event takes place.

The City has not enacted legislation authorizing or regulating the sale or consumption of cannabis at temporary events. In general, it is unlawful to conduct commercial cannabis activity (including sales) in the City without a City-issued permit. The City's Office of Cannabis is responsible for issuing permits authorizing commercial cannabis activity.

Amendments to Current Law

This ordinance would establish a framework for the Office of Cannabis to authorize and regulate the sale and/or consumption of cannabis at temporary events. In particular, the ordinance would establish a new category of permit, the Cannabis Event Permit, to be issued by the Office of Cannabis. These Cannabis Event Permits could authorize the sale of cannabis to, and/or consumption of cannabis by, adults 21 years of age or older, in connection with temporary events.

The ordinance would limit the circumstances under which the Office of Cannabis could issue Cannabis Event Permits. In particular, OOC could issue a Cannabis Event Permit only to an applicant that already held a State-issued license authorizing the applicant to organize cannabis events. Additionally, if another City department held permitting authority in connection with a temporary event, OOC could not issue a Cannabis Event Permit without that other City department's consent.

Beyond these mandatory prerequisites for issuance of a Cannabis Event Permit, OOC could exercise its discretion to grant or deny a Cannabis Event Permit based on factors including applicable State and City laws, public health and safety, and community impacts. Each Cannabis Event Permit would require compliance with all applicable State and City laws, and could include other conditions conducive to public health and safety, the mitigation of adverse



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community impacts, and the prevention of underage access to cannabis, or otherwise conducive to the safe, lawful, and orderly operation of the event. The ordinance also provides for enforcement.

The ordinance would initially establish a pilot program limiting Cannabis Event Permits to events previously permitted by the City on a regular basis, at which there have been significant unregulated cannabis sales or consumption. The pilot program would be scheduled to expire on January 1, 2020, but could be extended by OOC until December 31, 2021.

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