

File No. 171042

Committee Item No. 4

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Rules

Date: November 1, 2017

Board of Supervisors Meeting

Date: \_\_\_\_\_

#### Cmte Board

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|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>SF Chamber Letter - October 18, 2017</u>  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>SF Cannabis State Legalization Task Force Letter -</u><br><u>October 26, 2017</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CEQA Determination - October 4, 2017</u>  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Referral FYIs - October 4, 2017</u>   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | _____  |

Prepared by: John Carroll

Date: October 27, 2017

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

1 [Various Codes - Regulation of Cannabis Businesses]  
2

3 **Ordinance amending the Administrative, Business and Tax Regulations, Health, and**  
4 **Police Codes to comprehensively regulate commercial activities relating to the**  
5 **cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult**  
6 **use cannabis by, among other things: 1) requiring businesses that engage in**  
7 **commercial cannabis activities to obtain a permit from the Office of Cannabis;**  
8 **2) requiring the Director of the Office of Cannabis to establish an Equity Program to**  
9 **promote equitable ownership and employment opportunities in the cannabis industry;**  
10 **3) defining eligibility for temporary and permanent cannabis business permits;**  
11 **4) establishing priorities for the review of cannabis business permit applications;**  
12 **5) establishing operating standards for cannabis businesses; 6) establishing criteria**  
13 **for granting, denying, suspending, and revoking cannabis business permits;**  
14 **7) incorporating state law governing commercial cannabis activities into local law for**  
15 **enforcement purposes; 8) authorizing the imposition of fines and penalties for violation**  
16 **of local and state laws governing cannabis businesses, and establishing procedures**  
17 **by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the**  
18 **smoking and vaping of cannabis on the premises of all cannabis businesses, except**  
19 **select Medicinal Cannabis Retailers, as authorized by the Department of Public Health;**  
20 **10) prohibiting the consumption of cannabis and cannabis products, other than by**  
21 **smoking or vaping, on the premises of all cannabis businesses, except Storefront**  
22 **Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits**  
23 **from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of**  
24 **cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing**  
25

1 the Director of Cannabis to extend the prohibition on tours, or establish guidelines for  
2 the operation of tours; 12) prohibiting the acceptance of new applications for medical  
3 cannabis dispensary permits, starting January 1, 2018; 13) prohibiting medical  
4 cannabis dispensaries from cultivating cannabis under the authority of a medical  
5 cannabis dispensary permit, starting April 1, 2018; 14) establishing a sunset date of  
6 December 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); 15)  
7 eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to  
8 state and federal officials requesting that cannabis be regulated and taxed; and  
9 affirming the Planning Department's determination under the California Environmental  
10 Quality Act.

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

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

19 Section 1. The Planning Department has determined that the actions contemplated in  
20 this ordinance comply with the California Environmental Quality Act (California Public  
21 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the  
22 Board of Supervisors in File No. 171042 and is incorporated herein by reference. The Board  
23 affirms this determination.

24 Section 2. The Police Code is hereby amended by adding Article 16, consisting of  
25 Sections 1600 to 1638, to read as follows:

**ARTICLE 16: REGULATION OF CANNABIS**

1  
2           **SEC. 1600. FINDINGS AND PURPOSE.**

3           (a) In 1996, the voters of California approved Proposition 215, The Compassionate Use Act,  
4 allowing persons in need of cannabis for specified medical purposes to obtain and use cannabis.

5           (b) In 2001, the City adopted Resolution No. 955-01, declaring San Francisco to be a  
6 “sanctuary for medical cannabis.” In 2005, the City enacted Ordinance No. 275-05, Health Code  
7 Article 33, known as the Medical Cannabis Act, which implemented a local regulatory scheme for  
8 Medical Cannabis Dispensaries operating in San Francisco.

9           (c) In 2006, the City enacted Ordinance No. 297-06, Administrative Code Chapter 96B, making  
10 cannabis offenses by adults the lowest law enforcement priority in San Francisco.

11           (d) On August 29, 2013, in response to the number of states seeking to legalize cannabis, the  
12 United States Department of Justice issued a memorandum known as the Cole Memo, outlining federal  
13 cannabis enforcement priorities and specifying that the federal government would continue to rely on  
14 states and local law enforcement agencies to address cannabis activity through enforcement of their  
15 own narcotics laws.

16           (e) The federal law enforcement priorities articulated in the Cole Memo align with many of San  
17 Francisco’s priorities including: preventing the distribution of cannabis to minors; preventing  
18 cannabis sales revenue from going to criminal enterprises, gangs, and cartels; preventing the diversion  
19 of cannabis from states where it is legal to other states; preventing state-authorized cannabis activity  
20 from being used as a cover or pretext for the trafficking of other illicit drugs or activity; preventing  
21 violence and use of firearms in the cultivation and distribution of cannabis; preventing drugged driving  
22 and the exacerbation of other adverse public health consequences associated with cannabis use;  
23 preventing the cultivation of cannabis on public lands and the attendant public safety and  
24 environmental dangers posed by cannabis production on public lands; and preventing cannabis  
25 possession or use on federal property.

1 (f) On October 9, 2015, Governor Brown signed into law the Medical Marijuana Regulation  
2 and Safety Act ("MMRSA"), effective January 1, 2016, which established a comprehensive state  
3 licensing and regulatory framework for the cultivation, manufacturing, testing, distribution,  
4 transportation, dispensing, and delivery of medicinal cannabis, and which recognized the authority of  
5 local jurisdictions to prohibit or impose additional restrictions on commercial activities relating to  
6 medicinal cannabis. On June 27, 2016, Governor Brown signed into law Senate Bill 837, which  
7 amended MMRSA and renamed it the Medical Cannabis Regulation and Safety Act ("MCRSA").

8 (g) On November 8, 2016, the voters of California approved Proposition 64, the Control,  
9 Regulate, and Tax Adult Use of Marijuana Act (AUMA), which legalized the nonmedicinal use of  
10 cannabis for adults 21 years of age and older, created a state regulatory, licensing, and taxation system  
11 for non-medicinal cannabis businesses, and reduced penalties for cannabis-related crimes. San  
12 Francisco voters approved Proposition 64 at a rate of 74.3%, compared to 57.1% in the state overall.

13 (h) On November 9, 2016, Mayor Lee issued Executive Directive 16-05, entitled "Implementing  
14 Prop 64: Adult Use of Marijuana Act," directing the Directors of Planning and Public Health, in  
15 collaboration with the San Francisco Cannabis State Legalization Task Force and other stakeholders,  
16 to lead the process of drafting the legislation required to fully and responsibly implement Proposition  
17 64, including ordinances that address land use, local permitting, safety, and youth access.

18 (i) On June 27, 2017, Governor Brown signed into law the Medicinal and Adult-Use Cannabis  
19 Regulations and Safety Act (MAUCRSA), effective immediately, reconciling MCRSA and Proposition  
20 64, unifying the adult-use and medicinal cannabis markets within the same regulatory regime, and  
21 making explicit the protection of the public to be the highest priority for all state licensing authorities  
22 in exercising their licensing, regulatory, and disciplinary functions under MAUCRSA. Under  
23 MAUCRSA, local jurisdictions may adopt and enforce ordinances to further regulate cannabis  
24 businesses, including zoning and permitting requirements and prohibitions on certain types of  
25 businesses.

1           (j) In 2015, the City enacted Ordinance No. 115-15, creating the San Francisco Cannabis State  
2 Legalization Task Force (“the Task Force”) to advise the Board of Supervisors, the Mayor, and other  
3 City departments on matters relating to the potential legalization of adult use cannabis. In December  
4 2016, the Task Force submitted its Year I Report, and made recommendations related to Public Safety  
5 and Social Environment, Land Use and Social Justice, and Regulation and City Agency Framework for  
6 the City’s policymakers to consider.

7           (k) The Board of Supervisors intends to establish a comprehensive regulatory framework for  
8 medicinal cannabis and adult use cannabis. In furtherance of this goal, the Mayor’s FY2017-2018  
9 budget, approved by the Board through its enactment of Ordinance No. 156-17, included  
10 appropriations for the establishment of an Office of Cannabis to coordinate with City departments and  
11 state agencies to develop policies and regulate the local cannabis industry to ensure that local public  
12 health, safety, and social justice goals are met. In addition, in July 2017, the City enacted Ordinance  
13 No. 168-17, Administrative Code Chapter 2A, Article XXVI, to establish an Office of Cannabis; to  
14 authorize the Director of the Office of Cannabis to issue permits to cannabis-related businesses; and to  
15 require the Director to collect permit application and annual license fees following the enactment of an  
16 ordinance establishing the amounts of those fees.

17           (l) The Board of Supervisors is committed to ensuring that the perspectives of communities that  
18 have been historically and disproportionately affected by federal drug enforcement policies are  
19 included and considered in all cannabis policy decisions.

20           (m) The Board of Supervisors is committed to fostering equitable access to participation in the  
21 cannabis industry for San Francisco-based small businesses and individuals by promoting ownership  
22 and stable employment opportunities in the industry.

23           (n) Through this Article 16, the Board of Supervisors intends to develop a regulatory  
24 framework that: reduces the illegal market for cannabis; minimizes the chances of social harm by  
25 protecting and promoting the health of all San Franciscans; limits youth access and exposure to

1 cannabis and cannabis products; ensures safe consumption; maintains the City's progressive clean air  
2 policies for residents, businesses, and their employees; creates equitable access to opportunities within  
3 the cannabis industry; and creates jobs and tax revenue for the City.

4  
5 **SEC. 1601. ADMINISTRATION AND ENFORCEMENT.**

6 (a) This Article 16 shall be administered and enforced by the Office of Cannabis. The Director  
7 may adopt rules, regulations, and guidelines to carry out the provisions and purposes of this Article,  
8 including, but not limited to: operating guidelines designed to further the goals of reducing the illegal  
9 market for Cannabis and Cannabis Products, protecting and promoting the health of all San  
10 Franciscans, limiting youth access and exposure to Cannabis and Cannabis Products, ensuring safe  
11 consumption of Cannabis and Cannabis Products, and creating equitable access to opportunities  
12 within the Cannabis industry; hearing procedures; and standards for the imposition of administrative  
13 penalties, permit suspensions and permit revocations.

14 (b) The Director is authorized to enter into agreements with State Licensing Authorities to  
15 enforce Division 10 of the California Business and Professions Code and its implementing regulations,  
16 consistent with Section 26202 of the California Business and Professions Code.

17  
18 **SEC. 1602. DEFINITIONS.**

19 As used in this Article 16, the following words or phrases shall mean:

20 "A-license" has the meaning set forth in Section 26001 of the California Business and  
21 Professions Code, as may be amended from time to time.

22 "A-licensee" has the meaning set forth in Section 26001 of the California Business and  
23 Professions Code, as may be amended from time to time.

24 "Adult Use Cannabis" means Cannabis or Cannabis Products intended for adults 21 years of  
25 age and over.

1 "Applicant" means an Owner applying for a Cannabis Business Permit under this Article 16.

2 "Bona Fide Order" means an order for the delivery of Cannabis or Cannabis Products to a  
3 Customer that includes this information supplied by the Customer: (a) the Customer's name and date of  
4 birth; (b) the date Delivery is requested and the address of the real property where the Customer would  
5 like the items Delivered; (c) an itemization of the Cannabis items proposed for Delivery and the  
6 amount, quantity, and/or volume of each such item; and (d) a statement that the Cannabis or Cannabis  
7 Product is not for the purpose of resale.

8 "Bona Fide Proof of Identity and Age" means: (a) a valid document issued by a federal, state,  
9 or local government, or subdivision or agency thereof, including, but not limited to, a valid motor  
10 vehicle operator's license, that contains the name, date of birth, description of physical characteristics,  
11 and photo of the person; (b) a valid passport issued by the United States or by a foreign government; or  
12 (c) a valid identification card issued to a member of the United States Armed Forces that includes a  
13 date of birth and a photo of the person.

14 "Cannabis" has the meaning set forth in Section 26001 of the California Business and  
15 Professions Code, as may be amended from time to time.

16 "Cannabis Business" means any of the following: Cannabis Cultivation Facility, Cannabis  
17 Manufacturing Facility, Cannabis Testing Facility, Cannabis Distributor, Cannabis Microbusiness,  
18 Medicinal Cannabis Retailer, Cannabis Retailer, or Delivery-Only Cannabis Retailer.

19 "Cannabis Business Permit" means a permit to operate a specific type of Cannabis Business  
20 issued under this Article 16.

21 "Cannabis Business Registration Period" means the period of time during which Persons  
22 wishing to apply for Cannabis Business Permits may register with the Office of Cannabis, as set forth  
23 in Section 1605 of this Article 16.

24 "Cannabis Cultivation Facility" means a fixed place of business where Cannabis is Cultivated  
25 for Commercial purposes.



1           “Cannabis Distributor” means a fixed place of business where Cannabis and/or Cannabis  
2 Products are Distributed for Commercial purposes between Cannabis Businesses holding State  
3 Cannabis Licenses.

4           “Cannabis Manufacturing Facility” means a fixed place of business where Cannabis Products  
5 are Manufactured for Commercial purposes.

6           “Cannabis Microbusiness” means a fixed place of business where Cannabis and/or Cannabis  
7 Products are Cultivated, Manufactured, Distributed, and Sold to Customers.

8           “Cannabis Products” has the meaning set forth in Section 26001 of the California Business and  
9 Professions Code, as may be amended from time to time.

10           “Cannabis Retailer” means a fixed place of business where Cannabis and/or Cannabis  
11 Products are Sold to Customers.

12           “Cannabis Testing Facility” means a fixed place of business where Cannabis and/or Cannabis  
13 Products are tested for Commercial purposes.

14           “Canopy” means the designated area(s) at a permitted Premises that will contain Mature  
15 Plants.

16           “City” means the City and County of San Francisco.

17           “Commercial” means undertaken for Compensation.

18           “Commercial Cannabis Activity” includes the cultivation, possession, manufacture, processing,  
19 storing, laboratory testing, labeling, transporting, distribution, or sale of Cannabis or Cannabis  
20 Products for Compensation, as provided for in this Article 16.

21           “Commercial Vehicle” has the meaning set forth in Section 260 of the California Vehicle Code,  
22 as may be amended from time to time.

23           “Compensation” means money or anything of value made as a payment, loan, advance,  
24 donation, contribution, deposit, forgiveness of debt, or gift.

1           “Consuming” or “Consumption” means eating, drinking, chewing, applying topically, or  
2 otherwise ingesting, but does not include Smoking.

3           “Cultivation” has the meaning set forth in Section 26001 of the California Business and  
4 Professions Code, as may be amended from time to time.

5           “Customer” has the meaning set forth in Section 26001 of the California Business and  
6 Professions Code, as may be amended from time to time.

7           “Delivery” has the meaning set forth in Section 26001 of the California Business and  
8 Professions Code, as may be amended from time to time.

9           “Delivery-Only Cannabis Retailer” means a fixed place of business from which Cannabis  
10 and/or Cannabis Products are Delivered and Sold to Customers.

11           “Director” means the Director of the Office of Cannabis, or his or her designee.

12           “Distribution” or “Distribute” has the meaning set forth in Section 26001 of the California  
13 Business and Professions Code, as may be amended from time to time.

14           “Hazardous material” has the meaning set forth in Section 1102 of the Health Code, as may be  
15 amended from time to time.

16           “Hazardous materials plan” has the meaning set forth in Section 1102 of the Health Code, as  
17 may be amended from time to time.

18           “M-license” has the meaning set forth in Section 26001 of the California Business and  
19 Professions Code, as may be amended from time to time.

20           “M-licensee” has the meaning set forth in Section 26001 of the California Business and  
21 Professions Code, as may be amended from time to time.

22           “Manufacture” has the meaning set forth in Section 26001 of the California Business and  
23 Professions Code, as may be amended from time to time.

24           “Mature Plant” means a Cannabis plant that is flowering.  
25

1           "Medicinal Cannabis" has the meaning set forth in Section 26001 of the California Business  
2 and Professions Code, as may be amended from time to time.

3           "Medical Cannabis Dispensary" means a cooperative or collective operating under the  
4 authority of a permit issued by the Director of Health under Article 33 of the Health Code.

5           "Medicinal Cannabis Retailer" means a fixed place of business where Medicinal Cannabis  
6 and/or Medicinal Cannabis Products are Sold to individuals who qualify under California Health and  
7 Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis.

8           "Office" means the Office of Cannabis or any successor office or agency.

9           "Owner" means any of the following:

10           (a) A Person with an aggregate ownership interest of 20% or more in the Person  
11 applying for a Cannabis Business Permit or a Permittee, unless the interest is solely a security, lien, or  
12 encumbrance;

13           (b) The chief executive officer of a nonprofit or other entity;

14           (c) A member of the board of directors of a nonprofit; or

15           (d) An individual who will be participating in the direction, control, or management of  
16 the Person applying for a permit.

17           "Permittee" means any Person to whom a Cannabis Business Permit is issued under this  
18 Article 16, and any authorized agent or designee of such Person.

19           "Person" includes any individual, firm, partnership, joint venture, association, corporation,  
20 limited liability company, estate, trust, business trust, receiver, syndicate, or any other entity, or other  
21 group or combination acting as a unit. Person includes both the plural and singular.

22           "Physician's Recommendation" has the meaning set forth in Section 26001 of the California  
23 Business and Professions Code, as may be amended from time to time.

24           "Premises" has the meaning set forth in Section 26001 of the California Business and  
25 Professions Code, as may be amended from time to time.

1           “Processing” means the drying, curing, trimming, or packaging of Cannabis. “Processing”  
2 does not include the growing, planting, or harvesting of Cannabis.

3           “Referring Department” means any City department, agency, office, board, or commission that  
4 is required by this Article 16, or its implementing regulations, to review an Applicant’s application for  
5 a Cannabis Business Permit prior to issuance of such permit by the Director.

6           “Security Guard” has the meaning set forth in Section 1060 of the Police Code, as may be  
7 amended from time to time.

8           “Security Plan” means a plan that adequately addresses the safety of persons and property at  
9 Cannabis Businesses, developed in consultation with the Police Department, and approved as a  
10 condition of the Cannabis Business Permit by the Director.

11           “Sell,” “sale,” and “to sell” have the meaning set forth in Section 26001 of the California  
12 Business and Professions Code, as may be amended from time to time.

13           “Smoke” or “Smoking” has the meaning set forth in Section 11362.3 of the California Health  
14 and Safety Code, as may be amended from time to time.

15           “State Cannabis License” means a license to engage in a Commercial Cannabis Activity, issued  
16 pursuant to Division 10 of the California Business and Professions Code.

17           “State Licensing Authority” means the state agency responsible for the issuance, renewal, or  
18 reinstatement of a State Cannabis License.

19           “Storefront Cannabis Retailer” means either of the following: Medicinal Cannabis Retailer or  
20 Cannabis Retailer.

21           “Temporary Medicinal Cannabis Business Permit” means a Permit issued by the Director  
22 under Section 1605 of this Article 16 authorizing the Temporary Permit holder to engage in time-  
23 limited Commercial Activities relating to Medicinal Cannabis and Medicinal Cannabis Products.

24           “Tobacco Products” has the meaning set forth in Section 19H.2 of the Health Code, as may be  
25 amended from time to time.

1           "Volatile Solvent" has the meaning set forth in Section 26130(b) of the California Business and  
2 Professions Code, as may be amended from time to time.

3  
4           **SEC. 1603. PERMITS REQUIRED.**

5           (a) It shall be unlawful to engage in any Commercial Cannabis Activity or to operate a  
6 Cannabis Business within the City without obtaining and maintaining:

7                   (1) A permit therefor issued by the Office of Cannabis;

8                   (2) A license therefor issued by a State Licensing Authority pursuant to Division 10 of  
9 the California Business and Professions Code; and

10                   (3) Any such other licenses, permits, certifications, or registrations that may be  
11 required by State or City law.

12           (b) It shall be unlawful for any Person to engage in any Commercial Cannabis Activity for  
13 which a permit has been granted under this Article 16 if such permit has been revoked, or during any  
14 period in which such permit is suspended.

15           (c) If any license, permit, certification, or registration required for the operation of a Cannabis  
16 Business is denied, suspended, modified, revoked, or expired, the Cannabis Business and any Referring  
17 Department responsible for the action shall notify the Director of such action in writing within two  
18 business days.

19           (d) It shall be unlawful for any Person who is required to surrender a permit upon the sale of a  
20 Cannabis Business, as required by Section 1608 of this Article 16, to fail to do so.

21  
22           **SEC. 1604. EQUITY PROGRAM.**

23           The Director, in consultation with the Human Rights Commission, shall establish an Equity  
24 Program designed to foster equitable access to participation in the cannabis industry, including  
25 equitable access to promotional and ownership opportunities in the industry. The Equity Program

1 shall be informed by the findings contained in the Equity Report, prepared in accordance with  
2 subsection (b)(5) of Section 2A.420 of the Administrative Code. The Equity Program shall offer priority  
3 permit processing and technical assistance to Applicants who meet Equity Criteria ("Equity  
4 Applicants") adopted by the Director.

5  
6 **SEC. 1605. TRANSITION PROVISION FOR ACTIVITIES RELATING TO MEDICINAL**  
7 **CANNABIS.**

8 (a) Cannabis Business Registration. The Office of Cannabis shall initiate a Cannabis  
9 Business Registration Period in order to collect information from Persons wishing to apply for  
10 Cannabis Business Permits. During the Cannabis Business Registration Period, such Persons shall  
11 have the opportunity to register with the Office of Cannabis, and to provide such information as may be  
12 required by the Director, including but not limited to:

13 (1) Information regarding the type(s) of Cannabis Business Permit(s) and State  
14 Cannabis License(s) for which they intend to apply in 2018;

15 (2) Information about the location of the proposed Cannabis Business, including but not  
16 limited to proof that the property owner has authorized the use of the property as a Cannabis Business;

17 (3) Copies of all applicable licenses, permits, certifications, and registrations issued by  
18 the City or the State and held by the Owner of the proposed business, including but not limited to  
19 Hazardous materials registrations, site permits, Business Registration Certificates, and/or Seller's  
20 Permits; and

21 (4) Such other information, documents, and/or attestations as the Director may deem  
22 necessary or appropriate for registration.

23 (b) Registration a Condition of Eligibility for Temporary Medicinal Cannabis Business  
24 Permit. Persons that do not register with the Office of Cannabis during the Cannabis Business  
25

1 Registration Period shall not be eligible to apply for or receive a Temporary Medicinal Cannabis  
2 Business Permit, as set forth in subsection (d) of this Section 1605.

3 (c) Medical Cannabis Dispensaries.

4 (1) To ensure the continued availability of Medicinal Cannabis for individuals who  
5 qualify under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis, a  
6 Medical Cannabis Dispensary that holds a valid permit to operate from the Department of Public  
7 Health as of the effective date of this Article 16 may continue to operate as a Medical Cannabis  
8 Dispensary at the location identified in its Medical Cannabis Dispensary permit and consistent with the  
9 terms of Article 33 of the Health Code, provided that:

10 (A) The Owner of the Medical Cannabis Dispensary provides the Office of  
11 Cannabis with information identifying the type(s) of Cannabis Business Permits and State Cannabis  
12 Licenses for which the Owner intends to apply in 2018, and such other information as may be required  
13 by the Director;

14 (B) The Owner of the Medical Cannabis Dispensary applies for and obtains a  
15 temporary or permanent State Cannabis License;

16 (C) The Owner of the Medical Cannabis Dispensary applies for a Cannabis  
17 Business Permit within 30 days of the date that the Office of Cannabis makes such applications  
18 available; and

19 (D) The Owner of a Medical Cannabis Dispensary agrees to surrender its  
20 Medical Cannabis Dispensary permit to the Department of Public Health upon being awarded a  
21 Cannabis Business Permit.

22 (2) A Medical Cannabis Dispensary's permit to operate, as issued under Article 33 of  
23 the Health Code, shall expire as a matter of law when it is surrendered to the Department of Public  
24 Health, as set forth in subsection (c)(1)(D) of this Section 1605, or upon the sunset of Article 33,  
25 whichever occurs sooner.

1           (d) Temporary Medicinal Cannabis Business Permits. The Office of Cannabis shall make  
2 applications available for Temporary Medicinal Cannabis Business Permits for all permit categories  
3 other than Storefront Cannabis Retailers. In order to be eligible for a Temporary Medicinal Cannabis  
4 Business Permit, an Applicant must do all of the following:

5           (1) Submit an application, on a form to be prescribed by the Director;

6           (2) Demonstrate compliance with the Cannabis Business Registration process set forth  
7 in subsection (a) of this Section 1605;

8           (3) Demonstrate that as of September 26, 2017, the Applicant was engaging in  
9 Commercial Cannabis Activities relating to Medicinal Cannabis in the City and has continued to  
10 engage in such activities without interruption;

11           (4) Demonstrate that the proposed Cannabis Business complies with the Planning  
12 Code;

13           (5) Authorize and submit to the inspection of the proposed Premises by the Office of  
14 Cannabis, the Fire Department, the Department of Building Inspection, the Department of Public  
15 Health, and such other City departments, agencies, and offices as may be necessary to confirm that the  
16 proposed Cannabis Business will operate in compliance with law and with the applicable interim  
17 health and safety standards;

18           (6) Acknowledge the obligation to pay any non-refundable application and/or  
19 inspection fees that the Office of Cannabis and/or the Referring Departments may impose in connection  
20 with the application for a Temporary Medicinal Cannabis Business Permit; and

21           (7) Demonstrate that the proposed Cannabis Business complies with applicable interim  
22 health and safety standards developed by the Director in consultation with the Department of Building  
23 Inspection, the Fire Department, the Police Department, and the Department of Public Health. The  
24 interim health and safety standards shall be sufficient to protect the health and safety of employees,  
25 neighbors, and Customers of the proposed Cannabis Business, and to prohibit unlawful access to



1 Cannabis and Cannabis Products by underage individuals and individuals who do not qualify to use  
2 Medicinal Cannabis.

3 (e) Review, award, and denial of Temporary Medicinal Cannabis Business Permits. The  
4 Director shall ensure that the Premises are inspected by all relevant City Departments, and shall  
5 review all documentation submitted by the Applicant for the Temporary Medicinal Cannabis Business  
6 Permit in support of the application. If the application is incomplete, the Director shall advise the  
7 Applicant of the deficiencies, and give the Applicant 30 days in which to correct them. If the  
8 application is complete, the Director shall determine whether the Applicant has demonstrated  
9 compliance with subsection (d) of this Section 1605, and any implementing regulations. After  
10 determining whether the Applicant has met these standards, the Director shall either award, award  
11 with conditions, or deny the Temporary Medicinal Cannabis Business Permit.

12 (f) Appeal of Denial of Application for Temporary Medicinal Cannabis Business Permit.  
13 The decision of the Director to award, award with conditions, or deny a Temporary Medicinal  
14 Cannabis Business Permit may be appealed to the Board of Appeals in the manner prescribed in  
15 Article 1 of the San Francisco Business and Tax Regulations Code.

16 (g) Activities Authorized by Temporary Medicinal Cannabis Business Permit. A Temporary  
17 Medicinal Cannabis Business Permit issued under this Section 1605 shall authorize the Permittee to  
18 engage in all of the activities authorized by a Cannabis Business Permit of the same category, as set  
19 forth in Sections 1623 - 1629 of this Article 16; provided, however, that a Temporary Medicinal  
20 Cannabis Business Permit shall not authorize the Permittee to engage in any Commercial Cannabis  
21 Activities relating to Adult Use Cannabis or Adult Use Cannabis Products.

22 (h) Duration. A Temporary Medicinal Cannabis Business Permit issued under this Section  
23 1605 shall be valid for a period of 120 days and may be extended for additional 90-day periods at the  
24 discretion of the Director. Notwithstanding the prior sentence, the Director shall not issue a new  
25

1 temporary permit after January 1, 2019, and shall not extend the term of a Temporary Cannabis  
2 Business Permit past January 1, 2019.

3 (i) Temporary Medicinal Cannabis Business Permit does not guarantee rights regarding a  
4 permanent permit. A Temporary Cannabis Business Permit does not obligate the Director to issue a  
5 permanent permit pursuant to Section 1615 of this Article 16, or create a vested right in the holder to  
6 either an extension of the temporary permit or to the granting of a subsequent permanent permit.

7 (j) Duty to apply for permanent permit. A Person that is awarded a Temporary Medicinal  
8 Cannabis Business Permit under this Section 1605 must apply for a Cannabis Business Permit, as set  
9 forth in Section 1606, within 30 days of when the Office of Cannabis makes applications for such  
10 permits available. The Director shall not accept applications for Temporary Medicinal Cannabis  
11 Business Permits after making applications for Cannabis Business Permits available.

12  
13 **SEC. 1606. APPLICATIONS FOR CANNABIS BUSINESS PERMITS.**

14 (a) The Director shall not accept applications for Cannabis Business Permits, other than  
15 Medicinal Cannabis Retailer permits, until he or she has adopted an Equity Program, as set forth in  
16 Section 1604 of this Article 16.

17 (b) Prior to January 1, 2019, the Director shall issue Cannabis Business Permits only to  
18 Applicants that meet one or more of the following criteria:

19 (1) Qualify as an Equity Applicant;

20 (2) Possess a valid permit to operate a Medical Cannabis Dispensary issued pursuant  
21 to Article 33 of the Health Code;

22 (3) Was issued a Temporary Medicinal Cannabis Business Permit under Section 1605  
23 of this Article 16;

1                   (4) Has demonstrated to the Director's satisfaction that the Applicant operated in  
2 compliance with the Compassionate Use Act of 1996, and was forced to discontinue operations as a  
3 result of federal prosecution or threat of federal prosecution; or

4                   (5) Applied for a Medical Cannabis Dispensary Permit prior to September 26, 2017  
5 that required referral to and approval by the Planning Commission.

6                   (c) The Office of Cannabis shall review and process applications for Cannabis Business  
7 Permits in an order that reflects the Applicant's priority category:

8                   (1) First priority: applications from Equity Applicants;

9                   (2) Second priority: applications from Applicants that were operating in compliance  
10 with the Compassionate Use Act of 1996 before September 1, 2016;

11                   (3) Third priority: applications that demonstrate a commitment on the part of the  
12 Applicant to provide benefits to the community in which the Cannabis Business is located, including but  
13 not limited to workforce opportunities and community benefits contributions; and

14                   (4) Fourth priority: all other applications.

15  
16                   **SEC. 1607. CANNABIS BUSINESS PERMITS.**

17                   (a) For the purpose of regulating the Commercial Cultivation, Manufacture, Testing,  
18 Distribution, Sale, and Delivery of Cannabis, the Director may issue the following permits:

19                   (1) Cannabis Cultivation Facility;

20                   (2) Cannabis Manufacturing Facility;

21                   (3) Cannabis Testing Facility;

22                   (4) Cannabis Distributor;

23                   (5) Cannabis Microbusiness;

24                   (6) Medicinal Cannabis Retailer;

25                   (7) Cannabis Retailer; and

1                    (8) Delivery-Only Cannabis Retailer.

2  
3                    **SEC. 1608. TRANSFER OF PERMIT; SALE OF CANNABIS BUSINESS; CHANGE IN**  
4 **OWNERSHIP; INTERIM CANNABIS BUSINESS PERMITS.**

5                    (a) Permits Nontransferable. No permit issued under this Article 16 shall be transferable  
6 under any circumstances, including but not limited to the sale of the Cannabis Business.

7                    (b) Sale of Cannabis Business. If a Permittee sells the Cannabis Business, the Permittee shall  
8 promptly surrender the permit to the Director. This obligation is not dependent on the Director's  
9 requesting the surrender, but arises by operation of law on the sale of the Cannabis Business. If the  
10 Permittee fails to surrender the permit to the Director, the Director may, after giving the Permittee  
11 notice by mail and electronically of the proposed action and an opportunity to respond, revoke the  
12 permit.

13                    (c) Change in Ownership. A Permittee may change partners, shareholders, or other Owners  
14 of a Cannabis Business provided that: the sale or other transfer of ownership regardless of the form of  
15 ownership results in a new Person owning no more than 20% of the Cannabis Business, and the  
16 Permittee obtains an amendment to the Permit as provided in subsection (c)(2) of this Section 1608. If  
17 the sale or other transfer of ownership does not result in any Person (who did not already have such a  
18 percentage interest) having an ownership interest of 20% or more, the Permittee is not required to  
19 obtain a permit amendment.

20                    (1) A Permittee seeking to amend a permit as required under this subsection (c) shall  
21 pay the required filing fee for a permit amendment and that portion of the information required for  
22 Applicants under Section 1609, as determined by the Director.

23                    (2) The Director shall determine within 30 days of the filing of a complete application  
24 for a permit amendment under this subsection (c) whether to approve it. The Director shall approve the  
25 application unless the Director determines that denial is warranted under any of the grounds set forth

1 in Section 1615. The Director shall notify the Permittee of the Director's decision electronically and  
2 either by mail or personal delivery.

3 (d) **Interim Cannabis Business Permits.** Once the Director receives a surrendered Cannabis  
4 Business Permit to Operate, as set forth in subsection (b) of this Section 1608, the new Owner of the  
5 business may apply to the Director for an Interim Cannabis Business Permit, subject to any required  
6 Planning Department approvals, for a period not to exceed 90 days from the date of surrender (an  
7 "Interim Permit"). An Interim Permit may not be renewed. The Director may grant an Interim Permit  
8 provided that:

9 (1) The new Owner has submitted a completed application for a Cannabis Business  
10 Permit to the Office of Cannabis, and a completed application for a State Cannabis License to the  
11 appropriate State Licensing Authority;

12 (2) The new Owner applies for the same type of Cannabis Business Permit as was held  
13 by the prior Owner;

14 (3) The Premises to which the Cannabis Permit applies complies with all existing  
15 health, safety, and fire ordinances, and applicable state laws governing Cannabis Businesses; and

16 (4) An Interim Permit is necessary to ensure uninterrupted operations of a Cannabis  
17 Business at the Premises, or to minimize interruption of its operations.

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

20 (a) **Application and Fee Required.** Every Applicant for a Cannabis Business Permit shall:

21 (1) File an application with the Director upon a form provided by the Director;

22 (2) Provide such information as may be required by this Article 16 and any regulations  
23 promulgated thereto; and

24 (3) Pay a non-refundable application fee.  
25

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

4           **(1) The name, street address, and parcel number of the business for which the permit is**  
5 **sought;**

6           **(2) The name and address of the Applicant as follows:**

7           **(A) If the Applicant is a corporation, the name of the corporation as shown in its**  
8 **articles of incorporation; the date and place of incorporation; and the name and address of each**  
9 **officer or director;**

10           **(B) If the Applicant is a Person other than a publicly traded company, the name**  
11 **and address of every Person that directly or indirectly owns or controls 20% or more of the assets,**  
12 **ownership interests, or voting interests in that Person;**

13           **(3) The name of and contact information for the manager(s) who will, directly or**  
14 **through designees, be on the Premises during hours of operation;**

15           **(4) The name and address of each Person who appears on the business registration**  
16 **certificate for the Business for which a permit is sought;**

17           **(5) The name and address of each Person who has or will have authority or control**  
18 **over the Business and a brief statement of the nature and extent of such authority and control, if the**  
19 **Applicant has not otherwise provided this information in the application;**

20           **(6) The name and address of the Person authorized to accept service of process;**

21           **(7) For all Applicants, a complete set of fingerprints in the manner required by the**  
22 **Director for the purpose of conducting a criminal background check, and such additional information**  
23 **concerning the criminal histories of Owners, as may be required by the Director;**

1                   (8) Written verification that the owner of the real property where the Cannabis Business  
2 will be located consents to its use as a Cannabis Business. Such written verification must be signed by  
3 the property owner or the owner's agent;

4                   (9) Where the Applicant leases the Real Property, a copy of the lease;

5                   (10) A determination from the Planning Department that the proposed use as a  
6 Cannabis Business is in compliance with the Planning Code;

7                   (11) An Operations Plan that includes such information as may be required by the  
8 Director, including but not limited to:

9                               (A) An odor mitigation plan;

10                              (B) A Hazardous materials inventory;

11                              (C) A power plan;

12                              (D) A Security Plan;

13                              (E) A track and trace compliance plan;

14                              (F) A waste disposal plan; and

15                              (G) A water management plan.

16                   (12) A copy of the Applicant's business license, as required by Article 2 of the Business  
17 and Tax Regulations Code, or where pending, proof of application therefor;

18                   (13) A copy of the Applicant's business registration certificate, as required by Article  
19 12 of the Business and Tax Regulations Code, or where pending, proof of application therefor;

20                   (14) A copy of the Applicant's Seller's Permit, as may be required by Section 6067 of  
21 the California Revenue and Taxation Code, or where pending, proof of application therefor;

22                   (15) A completed Permit Checklist upon a form provided by the Director;

23                   (16) A detailed, scaled diagram of the proposed Premises that shows the boundaries of  
24 the property and all entrances, exits, interior partitions, walls, rooms, doorways, and common or  
25 shared entryways. The diagram must show the areas in which all Commercial Cannabis Activity will

1 take place, including but not limited to areas where access will be limited to employees of the Cannabis  
2 Business and Customer access will be prohibited. If the proposed Premises consists of only a portion  
3 of property, the diagram shall reflect the Premises used for Cannabis activity and describe the use for  
4 the remaining portion of the property;

5 (17) Disclosure of all other previous and current Cannabis-related licenses and permits  
6 issued by or sought from the City, the State, and any out-of-state jurisdiction, including the date the  
7 permit or license was issued or denied, and the name of the permitting or licensing authority;

8 (18) A signed statement authorizing the Department of the Environment or, where  
9 applicable, the Public Utilities Commission to conduct an energy assessment within the first year of  
10 operation;

11 (19) A copy of a proposed Good Neighbor Policy under which the Applicant agrees to:

12 (A) Provide to residential and commercial neighbors located within 300 feet of  
13 the Cannabis Business the name, phone number, and email address of an onsite manager or community  
14 relations staff person who may be contacted concerning any problems associated with operation of the  
15 establishment;

16 (B) Maintain the Premises, adjacent sidewalk and/or alley in good condition at  
17 all times; and

18 (C) Prohibit loitering in or around the Premises, and post notifications on the  
19 Premises advising individuals of this prohibition.

20 (20) A staffing plan that includes an organizational chart, demonstrating the roles and  
21 responsibilities of each employee and the reporting structure;

22 (21) A Community Benefits Agreement for consideration by the Director that must, at a  
23 minimum:

24 (A) Commit to the development of a First Source Hiring Plan, as set forth in  
25 Section 1618 of this Article 16; and



1 (B) Describe the Applicant's employment outreach and recruitment strategies.

2 (22) A Security Plan;

3 (23) A statement signed by the Applicant that the Applicant will not Sell or maintain on  
4 the Premises Tobacco Products or alcoholic beverages;

5 (24) Documents demonstrating that the Applicant engaged in a Community Outreach  
6 Strategy to advise neighbors of its intent to apply for a Cannabis Business Permit and to solicit input  
7 on its proposed Good Neighbor Policy. An Applicant's Community Outreach Strategy must, at a  
8 minimum, include written notice to neighbors within 300 feet of the Premises of the Applicant's intent  
9 to open a Cannabis Business at that location, information about how neighbors may provide input on  
10 the content of the Applicant's Good Neighbor Policy, and sign-in sheets and minutes for meetings held  
11 with neighbors;

12 (25) Such further information as the Director requires regarding financial and lease  
13 arrangements, management authority, operational control of the Business or its Premises, or other  
14 matters, when such further information will assist the Director in his/her determination whether to  
15 grant or deny the permit; and

16 (26) A statement signed by the Applicant under penalty of perjury, that the information  
17 provided is complete, true, and accurate.

18 (c) Additional Information Required of Applicants for Cannabis Cultivation Facility permits.

19 In addition to the information required under subsection (b) of this Section 1609, an Applicant for a  
20 Cannabis Cultivation Facility permit shall also submit as part of its application:

21 (1) Copies of all documentation submitted to the State Licensing Authority in support of  
22 its application for a State Cannabis License authorizing the Cultivation and/or Processing of  
23 Cannabis;

1                   (2) A statement declaring the Applicant is an “agricultural employer” as defined by the  
2 Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975, California Labor Code  
3 Section 1140.4, to the extent not prohibited by law;

4                   (3) Information demonstrating the size of the planned Canopy, by square footage of  
5 Cultivation and/or Processing area(s), as applicable;

6                   (4) Indication on the diagram of the proposed Premises of the location of any  
7 Hazardous materials and water storage;

8                   (5) For Applicants that will engage in the Cultivation of Cannabis, a Cultivation Plan  
9 containing such information as may be required by the Director, including but not limited to:

10                   (A) A list of pesticides to be used and quantities of pesticides to be stored on the  
11 Premises;

12                   (B) A list of fertilizers to be used and quantities of fertilizers to be stored on the  
13 Premises;

14                   (C) A list of any Hazardous materials to be stored on the Premises, and the  
15 quantities thereof;

16                   (D) A copy of the Applicant’s Hazardous materials plan; and

17                   (E) A list of propagative materials to be used for Cultivation.

18                   (6) For Applicants that will engage in the Cultivation of Cannabis, a Water Plan  
19 containing such information as may be required by the Director, including but not limited to:

20                   (A) Identification of the water source and supplier;

21                   (B) Where applicable, the point of diversion;

22                   (C) A general description of the area in which the water will be used; and

23                   (D) A description of all water conservation measures.

24                   (7) For Applicants that will engage in the Processing of Cannabis, an Operations Plan  
25 containing such information as may be required by the Director, including but not limited to:

1 (A) Identification of the equipment to be used on the Premises;

2 (B) A list of any Hazardous materials to be stored on the Premises, and the  
3 quantities thereof; and

4 (C) A copy of the Applicant's Hazardous materials plan.

5 (8) A Power Plan containing such information as may be required by the Director,  
6 including but not limited to:

7 (A) The name of the energy generation provider;

8 (B) An indication of the percentage of electricity supplied from California-  
9 eligible renewable and large hydroelectric sources; and

10 (C) A description of all planned energy efficiency measures.

11 (d) **Additional Information Required of Applicants for Cannabis Manufacturing Facility**  
12 permits. In addition to the information required under subsection (b) of this Section 1609, an  
13 Applicant for a Cannabis Manufacturing Facility permit shall also submit as part of its application:

14 (1) Copies of all documentation submitted to the State Licensing Authority in support of  
15 its application for a State Cannabis License authorizing the Manufacture of Cannabis;

16 (2) A Manufacturing Plan, containing such information as may be required by the  
17 Director, including but not limited to:

18 (A) A detailed description of all processes to be used for the extraction,  
19 packaging, and/or infusion of Cannabis;

20 (B) A list of any Hazardous materials stored on the Premises, and the quantities  
21 thereof;

22 (C) A copy of the Applicant's Hazardous materials plan; and

23 (D) A description of all Cannabis Products that will be Manufactured on the  
24 Premises; and

1                   (3) A statement signed by the Applicant acknowledging that non-Cannabis products will  
2 not be Manufactured on the Premises.

3                   (e) Additional Information Required of Applicants for Cannabis Testing Facility permits. In  
4 addition to the information required under subsection (b) of this Section 1609, an Applicant for a  
5 Cannabis Testing Facility permit shall also submit as part of its application:

6                   (1) Copies of all documentation submitted to the State Licensing Authority in support of  
7 its application for a State Cannabis Testing Laboratory License;

8                   (2) Evidence that the Applicant has obtained or has applied for ISO/IEC 17025  
9 accreditation;

10                  (3) A signed statement attesting that the Applicant has no economic interest in any  
11 Cannabis Businesses other than testing laboratories, such as the one for which the permit is sought;

12                  (4) A Laboratory Operations Plan containing such information as may be required by  
13 the Director, including but not limited to:

14                           (A) A description of sampling methods to be used; and

15                           (B) A description of the chain of custody controls to be used.

16                  (f) Additional Information Required of Applicants for Cannabis Distributor permits. In  
17 addition to the information required under subsection (b) of this Section 1609, an Applicant for a  
18 Cannabis Distributor permit shall also submit as part of its application:

19                  (1) Copies of all documentation submitted to the State Licensing Authority in support of  
20 its application for a State Distributor License authorizing the Distribution of Cannabis and Cannabis  
21 Products;

22                  (2) A Distribution Plan containing such information as may be required by the  
23 Director, including but not limited to:

24                           (A) Information identifying all locations where the Applicant will store  
25 Cannabis or Cannabis Products;

1                    (B) The Vehicle Information Number for each vehicle that will be used to  
2 Distribute Cannabis and Cannabis Products, and proof of insurance therefor.

3                    (3) A copy of the Applicant's Cannabis Tax Permit, as may be required by Section  
4 34014 of the California Revenue and Taxation Code, as may be amended from time to time, or if  
5 pending, proof of application therefor.

6                    (g) Additional Information Required of Applicants for Cannabis Microbusiness permits. In  
7 addition to the information required under subsection (b) of this Section 1609, an Applicant for a  
8 Cannabis Microbusiness permit shall also submit as part of its application:

9                    (1) Copies of all documentation submitted to the State Licensing Authority in support of  
10 its application for a Cannabis Microbusiness License; and

11                    (2) All documentation and information set forth in subsections (c), (d), (f), and (h) of  
12 this Section 1609.

13                    (h) Additional Information Required of Applicants for Storefront Cannabis Retailer permits.  
14 In addition to the information required under subsection (b) of this Section 1609, an Applicant for a  
15 Storefront Cannabis Retailer permit shall also submit as part of its application:

16                    (1) Copies of all documentation submitted to the State Licensing Authority in support of  
17 its application for a Retailer License.

18                    (2) For Applicants that have held a valid Medical Cannabis Dispensary permit,  
19 documentation demonstrating whether the on-site Smoking of Cannabis was prohibited by the Planning  
20 Department or Planning Commission.

21                    (3) A Storefront Cannabis Retailer Operations Plan containing such information as  
22 may be required by the Director, including but not limited to:

23                    (A) A description of the methods to be used to secure against theft or  
24 misappropriation Cannabis Products that are not on display in the store; and

1 (B) A description of where and when shipments of Cannabis and Cannabis  
2 Products will be received, and the security measures that will be implemented to ensure the safety of  
3 the Retailer's employees, and the public, and to protect against the theft of Cannabis and Cannabis  
4 Products;

5 (4) A description of how the Applicant will support the needs of Customers who qualify  
6 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis,  
7 including but not limited to providing space where Customers may speak confidentially with employees  
8 of the Cannabis Business, and ensuring a sufficient supply of Medicinal Cannabis and Medicinal  
9 Cannabis Products;

10 (5) Indication of whether the Applicant intends to apply for a Cannabis Consumption  
11 permit, as set forth in Article 8A of the Health Code, and a description of the type(s) of Consumption  
12 that the Applicant proposes to allow on the Premises.

13 (6) If the Applicant intends to Deliver Cannabis or Cannabis Products to Customers,  
14 the Applicant shall also provide:

15 (A) Information about the electronic platform, if any, to be used to receive and  
16 process orders for Cannabis and/or Cannabis Products;

17 (B) The Vehicle Information Number for each vehicle that will be used to Deliver  
18 Cannabis and Cannabis Products, and proof of insurance coverage therefor;

19 (C) A description of how the Applicant will confirm the age and identity of the  
20 Customer prior to and/or upon Delivery;

21 (D) A description of how the Applicant will confirm that a Customer is qualified  
22 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis, prior to  
23 and/or upon Delivery of Medicinal Cannabis or a Medicinal Cannabis Product.

24 (E) A description of how the Applicant will track drivers and Delivery status.

25 (F) A statement signed by the Applicant affirming that the Applicant:

1 (i) Will provide training to all Delivery employees concerning the laws  
2 governing Sales and Deliveries of Cannabis and Cannabis Products;

3 (ii) Will take steps to ensure the personal safety of all Delivery  
4 employees; and

5 (iii) Understands that the Delivery of Cannabis or Cannabis Products by  
6 anyone other than an employee of the Applicant is a violation of this Article 16.

7 (i) Additional Information Required of Applicants for Delivery-Only Cannabis Retailer  
8 permits. In addition to the information required under subsection (b) of this Section 1609, an  
9 Applicant for a Delivery-Only Cannabis Retailer permit shall also submit as part of its application:

10 (1) Copies of all documentation submitted to the State Licensing Authority in support of  
11 its application for a license authorizing the Delivery and Sale of Cannabis and/or Cannabis Products  
12 to Customers.

13 (2) A description of how the Applicant will support the needs of Customers who qualify  
14 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis,  
15 including but not limited to ensuring a sufficient supply of Medicinal Cannabis and Medicinal  
16 Cannabis Products.

17 (3) A "Delivery-Only Cannabis Retailer Operations Plan" containing such information  
18 as may be required by the Director, including but not limited to:

19 (A) Where applicable, a description of the protocols it intends to implement to  
20 separately store, sell, and tax Medicinal and Adult Use Cannabis and Cannabis Products;

21 (B) A description of where and when shipments of Cannabis and Cannabis  
22 Products will be received, and the security measures that will be implemented to ensure the safety of  
23 the Business' employees, and the public, and to protect against the theft of Cannabis and Cannabis  
24 Products;

1                    (C) Information about the electronic platform, if any, to be used to receive and  
2 process orders for Cannabis and/or Cannabis Products;

3                    (D) The Vehicle Information Number for each vehicle that will be used to Deliver  
4 Cannabis and Cannabis Products, and proof of insurance coverage therefor;

5                    (E) A description of how the Applicant will confirm the age and identity of the  
6 Customer prior to and/or upon Delivery;

7                    (F) A description of how the Applicant will confirm that a Customer is qualified  
8 under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis, prior to  
9 and/or upon Delivery of Medicinal Cannabis or a Medicinal Cannabis Product;

10                   (G) A description of how the Applicant will track Delivery employees and  
11 Delivery status; and

12                   (H) A statement signed by the Applicant affirming that the Applicant:

13                         (i) Will provide training to all Delivery employees concerning the laws  
14 governing Sales and Deliveries of Cannabis and Cannabis products;

15                         (ii) Will take steps to ensure the personal safety of all Delivery  
16 employees; and

17                         (iii) Understands that the Delivery of Cannabis or Cannabis Products by  
18 anyone other than an employee of the Applicant is a violation of this Article 16.

19  
20                    **SEC. 1610. WITHDRAWAL OF APPLICATION.**

21                    An Applicant may withdraw an application at any time prior to the Office's issuance or denial  
22 of a Cannabis Business Permit. Requests to withdraw an application shall be submitted to the Office in  
23 writing, dated, and signed by the Person who submitted and signed the application. The Office shall not  
24 refund application fees for a withdrawn application. An Applicant that has withdrawn an application  
25 may reapply and pay a new application fee at any time following the withdrawal of an application, but



1 such application shall not receive priority review as set forth in subsections (c)(1), (2), and (3) of  
2 Section 1606.

3  
4 **SEC. 1611. PERMITTEE'S RESPONSIBILITY FOR ACTS OF EMPLOYEES AND**  
5 **AGENTS.**

6 In construing and enforcing the provisions of this Article 16 and regulations promulgated  
7 thereto, any act, omission, or failure of an agent, officer, or other Person acting for or employed by a  
8 Cannabis Business, within the scope of his or her employment or agency, shall be deemed the act,  
9 omission, or failure of the Cannabis Business.

10  
11 **SEC. 1612. INCORPORATION OF REQUIREMENTS OF LOCAL APPROVALS.**

12 (a) A violation of the terms and conditions of a Cannabis Business Permit shall be treated as a  
13 violation of this Article 16.

14 (b) A violation of the terms and conditions imposed on a Cannabis Business by a Referring  
15 Department shall be treated as a violation of this Article 16.

16  
17 **SEC. 1613. LIMITS ON PERMITS.**

18 (a) A Permittee that holds a Cannabis Testing Facility permit shall be ineligible for and may  
19 not be issued a permit to operate any other type of Commercial Cannabis Activity permitted by the  
20 City. A Permittee that holds a Cannabis Business Permit other than a Cannabis Testing Facility  
21 permit, shall be ineligible for and may not be issued a permit to operate a Cannabis Testing Facility.

22 (b) Except as stated in the first sentence of subsection (a) of this 1613, a Person may hold more  
23 than one Cannabis Business Permit.

24  
25 **SEC. 1614. REFERRAL OF APPLICATION TO DEPARTMENTS AND AGENCIES.**

1           The Director shall send the application to all appropriate Referring Departments. Those  
2 departments shall complete all necessary review and inspections and report their determinations to the  
3 Office of Cannabis.

4  
5           **SEC. 1615. ISSUANCE AND DENIAL OF CANNABIS BUSINESS PERMITS.**

6           (a) After reviewing an Applicant's application, the Director shall notify the Applicant in  
7 writing that the application is complete and accepted for further review, or incomplete. If the Director  
8 deems the application to be incomplete, the Applicant shall supply the information or documentation  
9 that is required for the application to be deemed complete. The Applicant shall have 90 days from the  
10 date that the Director provides notification that the application is incomplete to provide all required  
11 information and/or documentation. If the Applicant does not provide such information within 90 days,  
12 the application will be deemed abandoned and will not receive further consideration. Applicants that  
13 abandon an application may submit a new one, subject to payment of a new application fee.  
14 Applicants that submit an Application following the abandonment of an earlier Application shall not  
15 receive priority review, as set forth in subsections (c)(1), (2), and (3) of Section 1606.

16           (b) Upon review of a complete application and consideration of information provided by the  
17 Referring Departments, the Director shall either grant or deny a permit, as specified in more detail in  
18 subsections (c) and (d).

19           (c) Approvals. In granting a permit, the Director may impose conditions as are, in his or her  
20 judgment, necessary to protect the health and safety of the Permittee's employees, neighbors, and  
21 Customers, prevent access to Cannabis and Cannabis Products by underage persons, and reduce any  
22 potential adverse impacts of the Cannabis Business on the immediate neighborhood. Such conditions  
23 may include, but are not limited to, conditions relating to the hours of operation.

24           (d) Mandatory Grounds for Denial. No Cannabis Business Permit shall be issued if the  
25 Director finds that:

1           (1) The Applicant provided materially false information or documents in support of the  
2 application.

3           (2) The Applicant failed to provide all information required by this Article 16 and by  
4 the Director, in implementing this Article 16.

5           (3) The Applicant has not fully complied with the provisions of this Article 16.

6           (4) The Applicant has not demonstrated eligibility for a permit under this Article 16.

7           (5) The Premises are materially different from the diagram of the Premises submitted  
8 by the Applicant.

9           (6) The City has revoked a permit for the operation of a business in the City which  
10 permit had been issued to the Applicant or to any other Person who will be engaged in the management  
11 of the Cannabis Business unless more than five years have passed between the date of the application  
12 and the date of revocation of the other permit.

13           (7) The operation of the Cannabis Business as proposed by the Applicant, if permitted,  
14 would not comply with all applicable laws, including but not limited to, the Building, Planning,  
15 Housing, Police, Fire, and Health Codes of the City, the provisions of this Article 16 and any  
16 regulations promulgated thereto, and the Medicinal and Adult Use Cannabis Regulation and Safety  
17 Act, 2017 Cal. Legis. Serv. Ch. 27 (S.B. 94), and its implementing regulations, as may be amended from  
18 time to time.

19           (8) The Applicant is employed by any local or state agency responsible for the  
20 regulation of Commercial Cannabis Activities.

21           (9) The Applicant denied access to the Premises to the Office and/or to any Referring  
22 Department.

23           (10) The Director finds that the Premises or the Cannabis Business will be or is being  
24 managed, conducted, or maintained in such a manner as to endanger the health and safety of the  
25 employees, Customers or neighbors, or to coerce any employee to engage in illegal conduct.

1           (e) Discretionary Grounds for Denial. The Director may deny an application for a Cannabis  
2 Business Permit if the Director finds that:

3           (1) The Applicant or Owner has been convicted of an offense that is substantially  
4 related to the qualifications, functions, or duties of the business or profession for which the application  
5 is made, except that if the Director determines that the Applicant or Owner is otherwise suitable to be  
6 issued a permit, and granting the permit would not compromise public safety, the Director shall  
7 conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of  
8 rehabilitation of the Applicant or Owner, and shall evaluate the suitability of the Applicant or Owner,  
9 to be issued a permit based on the evidence found through the review. For purposes of this subsection  
10 (e)(1), "offenses that are substantially related to the qualifications, functions, or duties of the business  
11 or profession for which the application is made" include, but are not limited to, the following:

12                   (A) A violent felony conviction, as specified in subdivision (c) of Section 667.5 of  
13 the California Penal Code;

14                   (B) A serious felony conviction, as specified in subdivision (c) of Section 1192.7  
15 of the California Penal Code;

16                   (C) A felony conviction involving fraud, deceit, or embezzlement;

17                   (D) A felony conviction for hiring, employing, or using a minor in transporting,  
18 carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or  
19 selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled  
20 substance to a minor; and,

21                   (E) A felony conviction for drug trafficking with enhancements pursuant to  
22 Section 11370.4 or 11379.8 of the California Health and Safety Code.

23           (2) Except as provided in subsections (e)(1)(D)-(E) of this Section 1615, a prior  
24 conviction, where the sentence, including any term of probation, incarceration, or supervised release,  
25 is completed, for possession of, possession for sale, sale, manufacture, transportation, or cultivation of

1 a controlled substance is not considered substantially related, and shall not be the sole ground for  
2 denial of a permit.

3 (3) The Director concludes that there is good cause to deny the permit in accordance  
4 with Section 26 of the Business and Tax Regulations Code.

5 (f) In determining whether an Application should be denied on grounds articulated in  
6 subsections (d)(1) and (2) of this Section 1615, the Director shall use his or her best efforts to  
7 coordinate his or her review of evidence and decision with the State Licensing Authority charged with  
8 the review of the Applicant's application for a State Cannabis License.

9  
10 **SEC. 1616. PAYMENT OF ANNUAL LICENSE FEE.**

11 The license fee for a Cannabis Business Permit shall be paid annually on or before March 31,  
12 in accordance with the provisions of Section 76.1 of the Business and Tax Regulations Code. Upon the  
13 failure of the Permittee to pay such fees, the permit shall be considered null and void, and therefore  
14 inactive as a matter of law, until the Permittee pays the fees and any penalties that might be assessed  
15 by the Director.

16  
17 **SEC. 1617. COMPLIANCE WITH PERMIT CONDITIONS.**

18 (a) No Permittee shall operate a Cannabis Business in a manner inconsistent with any permit  
19 condition imposed by the Director or by a Referring Department.

20 (b) A Permittee may request a permit amendment to remove or change a condition imposed by  
21 the Director by filing a request with the Office of Cannabis and paying such permit amendment  
22 application fee as may be required.

23 (c) The Director shall consider whether the amendment of the permit condition sought by the  
24 Permittee would jeopardize the health and safety of the Permittee's employees, neighbors, or  
25 Customers, increase access to Cannabis and Cannabis Products by underage persons, or increase any

1 potential adverse impacts of the Cannabis Business on the immediate neighborhood, and shall render a  
2 decision to remove, change, or maintain the permit condition(s) on the basis of that evaluation or for  
3 any good cause.

4 (d) A decision of the Director to impose a permit condition, or to refuse to remove or amend a  
5 permit condition, may be appealed to the Board of Appeals in the manner prescribed in Article 1 of the  
6 Business and Tax Regulations Code.

7  
8 **SEC. 1618. ELIGIBILITY AND OPERATING STANDARDS APPLICABLE TO ALL**  
9 **CANNABIS BUSINESSES.**

10 (a) Every Cannabis Business is required to obtain a business license from the City in  
11 compliance with Article 2 of the Business and Tax Regulations Code.

12 (b) Every Cannabis Business is required to obtain a business registration certificate from the  
13 City in compliance with Article 12 of the Business and Tax Regulations Code.

14 (c) Every Cannabis Business is required to obtain a State Cannabis License prior to engaging  
15 in any Commercial Cannabis Activities.

16 (d) Every Cannabis Business is required to prominently display on its Premises its Cannabis  
17 Business Permit, State Cannabis License, Business Registration, and Seller's Permit, if required to hold  
18 a Seller's Permit.

19 (e) Every Cannabis Business shall operate within fully enclosed and secure structures that are  
20 inaccessible to underage persons.

21 (f) It shall be a violation of this Article 16 for a Cannabis Business to sell or maintain alcoholic  
22 beverages and/or Tobacco Products on the Premises of the Cannabis Business.

23 (g) Every Cannabis Business shall enter into a First Source Hiring Agreement, as defined by  
24 Section 83.4 of the Administrative Code, pursuant to which it agrees to comply with the first source  
25 hiring requirements set forth in subsections (b)(1)-(8) of Section 83.9 of the Administrative Code.

1           (h) Every Cannabis Business is required to submit a “modification request” to the Office of  
2 Cannabis prior to making any change that would materially or substantially alter the Premises from  
3 the diagram of the Premises on file with the Office of Cannabis, and shall not make the proposed  
4 change absent approval from the Director.

5           (i) Every Cannabis Business is required to use the business name listed on its Cannabis  
6 Business Permit when applying for any other permits or licenses relating to the operation of the  
7 Cannabis Business, and when applying for a State Cannabis license.

8           (j) Every Cannabis Business is required to provide identification badges to all employees that  
9 display: (1) the name of the Cannabis Business; (2) the number of the Cannabis Business’ Cannabis  
10 Business Permit; and (3) a photo of the employee’s face. Such identification badges must be worn by  
11 employees at all times when they are on the Premises of the Cannabis Business, and when acting in the  
12 scope of their employment.

13           (k) Every Cannabis Business is required to maintain on the Premises a fire proof safe.

14           (l) A Cannabis Business shall not enter into a sublease for use of any part of the Premises by  
15 another entity without the prior approval of the Director.

16           (m) A Physician’s Recommendation for Medicinal Cannabis may not be sought, issued,  
17 provided, or procured on the Premises of a Cannabis Business.

18           (n) At any time a Cannabis Business is open for operation, there shall be at least one person on  
19 the Premises who is responsible for the operation of the Cannabis Business and who is readily  
20 available to respond to and interact with all inspecting departments and agencies, the Director, or any  
21 other City employee or official.

22           (o) No Cannabis Business may employ an individual who is not at least 21 years of age.

23           (p) Every Cannabis Business is required to comply with all aspects of the state’s “Track and  
24 Trace” program, as set forth in Section 26067 of the California Business and Professions Code, as may  
25 be amended from time to time.

1           (q) Every Cannabis Business is required to maintain records demonstrating that all Cannabis  
2 and Cannabis Products have been obtained from Cannabis Businesses holding a valid State Cannabis  
3 License. The Director shall have the right to examine, monitor and audit such records and  
4 documentation, which shall be made available immediately upon request of the Office of Cannabis.

5           (r) None of the following items shall be allowed on the Premises or parking lot of a permitted  
6 Cannabis Business:

7                   (1) Controlled substances other than Cannabis, except when in the possession or under  
8 the control of an individual for whom the controlled substance was prescribed by a licensed physician,  
9 and

10                   (2) Alcoholic beverages.

11           (s) Every Cannabis Business shall comply with the terms of its Good Neighbor Policy and  
12 Security Plan.

13           (t) Every Cannabis Business is required to keep all garbage, recycling, and compost containers  
14 on the Premises and hidden from public view, and placed outside only when being serviced by the  
15 disposal company. Trash shall be contained and disposed of pursuant to garbage and recycling  
16 receptacle guidelines set forth by the Department of Public Works.

17           (u) The Premises of every Cannabis Business shall be adequately soundproofed or insulated for  
18 noise, as may be required by the Planning and/or Building Codes, or by permits issued pursuant to  
19 those Codes. Noise generated by fixed-source equipment shall not exceed the decibel levels specified in  
20 Article 29 of the Police Code, as may be amended from time to time. Violations of this subsection (u),  
21 including noise that exceeds the decibel levels specified in Article 29 of the Police Code, are subject to  
22 the penalties set forth in this Article 16.

23           (v) Appropriate odor control equipment shall be installed in conformance with the approved  
24 odor plan and maintained to prevent any significant noxious or offensive odors from escaping the  
25 Premises.



1           (w) Every Cannabis Business shall maintain the main entrance to the Premises and all  
2 sidewalks abutting the subject property in a clean and sanitary condition in compliance with the  
3 Department of Public Works' Street and Sidewalk Maintenance Standards.

4           (x) Every Cannabis Business shall comply with signage controls as established in accordance  
5 with the Planning Code.

6           (y) Every Cannabis Business shall register with the Office each location within the City where  
7 Cannabis and Cannabis Products will be stored.

8           (z) Every Cannabis Business shall protect personally identifiable information and protected  
9 health information from unauthorized disclosure, to the extent required by the Health Insurance  
10 Portability and Accountability Act, the California Medical Information Act, Article 1 of the California  
11 Constitution, the California Health and Safety Code and regulations promulgated thereunder, and any  
12 other applicable provision of federal or state law.

13           (aa) It shall be a violation of this Article 16 for any Cannabis Business to engage in the nonsale  
14 distribution of Cannabis or Cannabis Products, or to permit the nonsale distribution of Cannabis or  
15 Cannabis Products by any Person on the Premises of the Cannabis Business, except as authorized by  
16 state law. For purposes of this subsection (aa), "nonsale distribution" means to give Cannabis or  
17 Cannabis Products to the general public or some segment thereof at no cost, or at nominal cost, or to  
18 give coupons, coupon offers, or rebate offers for Cannabis or Cannabis Products to the general public  
19 or some segment thereof at no cost or at nominal cost.

20           (bb) A Cannabis Business shall conduct an Energy Efficiency Audit Reporting, as may be  
21 required by Chapter 20 of the Environment Code.

22           (cc) Every Cannabis Business shall ensure that the electrical power used for Commercial  
23 Cannabis Activities shall be procured from or produced by renewable sources, consistent with  
24 Renewable Energy Requirements to be adopted by the Director, in consultation with the Director of the  
25 Department of the Environment. In adopting Renewable Energy Requirements, the Director shall

1 establish minimum renewable energy requirements that are consistent with the amount of renewable  
2 energy contained in CleanPowerSF's Green Service. A Cannabis Businesses shall also provide to the  
3 Director and the Department of the Environment an annual report documenting the amount and source  
4 of energy consumed by the Business in the prior 12 months.

5 (dd) Every Cannabis Business shall advise the Director and the applicable State Licensing  
6 Authority in writing of the following events within 48 hours of:

7 (1) Receiving a criminal penalty or civil judgment rendered against the Permittee; or

8 (2) Receiving notification of the revocation of a local license, permit or other  
9 authorization from any Referring Department.

10 (ee) Every Cannabis Business shall notify the Director, the Police Department, and the  
11 applicable State Licensing Authority within 24 hours after discovering any of the following:

12 (1) Significant discrepancies identified during inventory;

13 (2) Diversion, theft, loss, or any criminal activity pertaining to the operation of the  
14 Cannabis Business;

15 (3) The loss or unauthorized alteration of records related to Cannabis or Cannabis  
16 Products, registered qualifying patients, primary caregivers, or the employees or agents of the  
17 Cannabis Business; and

18 (4) Any other breach of security.

19  
20 **SEC. 1619. PROHIBITION ON ENTRY BY AND SALES TO UNDERAGE PERSONS.**

21 (a) Entry to Premises Prohibited. It shall be a violation of this Article 16 for a Permittee to  
22 allow on the Premises any person under 21 years of age, provided however that a Medicinal Cannabis  
23 Retailer may allow entry to a person 18 years of age or older who possesses a valid Physician's  
24 Recommendation.

25 (b) Prohibited Sales.

1           (1) It shall be a violation of this Article 16 for any Storefront Cannabis Retailer,  
2 Cannabis Microbusiness, or Delivery-Only Cannabis Retailer to Sell, furnish, give, or cause to be Sold,  
3 any Adult Use Cannabis or Adult Use Cannabis Products to any person under the age of 21.

4           (2) It shall be a violation of this Article 16 for any Storefront Cannabis Retailer,  
5 Cannabis Microbusiness, or Delivery-Only Cannabis Retailer to Sell, furnish, give, or cause to be Sold,  
6 any Medicinal Cannabis or Medicinal Cannabis Products to any person who is under the age of 18  
7 and/or who does not possess a valid Physician's Recommendation.

8           (c) Positive Bona Fide Proof of Identity Required. No Storefront Cannabis Retailer,  
9 Cannabis Microbusiness, or Delivery-Only Cannabis Retailer may Sell Cannabis or Cannabis  
10 Products to any Customer without first examining the Customer's Bona Fide Proof of Age and Identity  
11 to confirm that the Customer is at least the minimum age under state law to purchase and possess the  
12 Cannabis or Cannabis Product. Review of a Customer's Bona Fide Proof of Age must be performed by  
13 an employee of the Permittee, in the presence of the prospective Customer.

14           (d) Proof of Physician's Recommendation Required. No Storefront Cannabis Retailer,  
15 Cannabis Microbusiness, or Delivery-Only Cannabis Retailer may Sell Medicinal Cannabis or  
16 Medicinal Cannabis Products to any Customer without first examining verification that the Customer  
17 possesses a valid Physician's Recommendation. Review of a Customer's verification of Physician's  
18 Recommendation must be performed by an employee of the Permittee, in the presence of the  
19 prospective Customer.

20  
21           **SEC. 1620. CONSUMPTION AND SMOKING OF CANNABIS AND CANNABIS**  
22 **PRODUCTS ON THE PREMISES OF CANNABIS BUSINESSES.**

23           (a) The Consumption and Smoking of Cannabis and Cannabis Products are prohibited on the  
24 Premises of all Cannabis Manufacturing Facilities, Cannabis Cultivation Facilities, Cannabis Testing  
25 Facilities, Cannabis Distributors, and Delivery-Only Cannabis Retailers.

1           (b) The Consumption of Cannabis Products is not prohibited on the Premises of Medicinal  
2 Cannabis Retailers, Cannabis Retailers, and Cannabis Microbusiness, provided, however, that all of  
3 the following conditions are present:

4                   (1) The Cannabis Business has received and maintained a valid Cannabis Consumption  
5 Permit from the Department of Public Health, as set forth in Article 8A of the Health Code, authorizing  
6 onsite Consumption of Cannabis Products;

7                   (2) Access to the area where the Consumption of Cannabis Products is allowed is  
8 restricted to persons 21 years of age and older, or persons 18 years of age and older, if the Permitted  
9 Businesses is authorized to Sell Medicinal Cannabis and Medicinal Cannabis Products;

10                   (3) Cannabis Consumption is not visible from any public place or nonage-restricted  
11 area; and

12                   (4) Sale and Consumption of alcohol or Tobacco Products are not allowed on the  
13 Premises.

14           (c) The Smoking of Cannabis and Cannabis Products is prohibited on the Premises of  
15 Medicinal Cannabis Retailers, Cannabis Retailers, and Cannabis Microbusinesses, absent  
16 authorization from the Director of the Department of Public Health, as set forth in Section 1009.23 of  
17 the Health Code. Where authorized by the Director of Health, the Smoking of Cannabis and Cannabis  
18 Products shall be subject to the limitations on Consumption set forth in subsection (b)(2)-(4) of this  
19 Section 1620.

20           (d) All Cannabis Businesses shall:

21                   (1) Post clear and prominent signs at each entrance to the Premises advising  
22 Customers that the Smoking of Cannabis is prohibited in public places, including on sidewalks and in  
23 the entryways of businesses;

24                   (2) Post clear and prominent “No Smoking” signs in any area of the Premises where  
25 Smoking is prohibited;

1                   (3) Post clear and prominent “No Consuming Cannabis” signs in any area of the  
2 Premises where the Consumption of Cannabis and Cannabis Products is prohibited; and

3                   (4) Request that any person Smoking or Consuming Cannabis or Cannabis Products  
4 where Smoking or Consumption are prohibited refrain from Smoking and/or Consuming.

5  
6                   **SEC. 1621. TOURS.**

7                   (a) It shall be a violation of this Article 16 for Cannabis Testing Facilities, Cannabis  
8 Distributors, and Delivery-Only Cannabis Retailers to permit a tour to be conducted on the Premises.

9                   (b) Prior to January 1, 2019, it shall be a violation of this Article 16 for a Cannabis  
10 Manufacturing Facility, a Cannabis Cultivation Facility, or a Cannabis Microbusiness to permit a tour  
11 to be conducted on the Premises.

12                   (c) For purposes of this Section 1621, a “tour” means an organized or prearranged visit by a  
13 member or members of the general public, or segment thereof, whether free or for charge, who wish to  
14 view the Premises, learn about its methods of operation, and/or gain insight into the Cannabis industry.

15 A “tour” does not include visits by:

16                   (1) Employees of the Cannabis Business;

17                   (2) Employees of other Cannabis Businesses licensed by the State of California with  
18 which the Permittee is conducting business;

19                   (3) Persons authorized to conduct inspections;

20                   (4) Persons engaging in law enforcement activities;

21                   (5) Persons providing incidental business services, such as repairs or, deliveries; or

22                   (6) Persons affiliated with a government agency who have received approval from the  
23 Cannabis Business and the Office of Cannabis to conduct a tour of the Cannabis Business.

24                   (d) Prior to January 1, 2019, the Director shall adopt rules and regulations governing tours of  
25 Cannabis Businesses. The Director is authorized to extend the prohibition on tours set forth in

1 subsection (b) of this Section 1621, or authorize tours, subject to limitations he or she may adopt to  
2 protect the health and safety of employees, neighbors and Customers, prohibit access to Cannabis and  
3 Cannabis Products by underage persons, preserve the character of the surrounding neighborhood, and  
4 mitigate any potential noise and/or traffic congestion.

5  
6 **SEC. 1622. DELIVERIES OF CANNABIS AND CANNABIS PRODUCTS TO**  
7 **CUSTOMERS.**

8 (a) The Delivery of Cannabis or Cannabis Products to Customers within San Francisco is  
9 prohibited except by Storefront Cannabis Retailers and Delivery-Only Cannabis Retailers that are  
10 permitted by the Office of Cannabis and receive express authorization to engage in Deliveries from the  
11 Director. The Delivery of Cannabis or Cannabis Products within San Francisco by Cannabis  
12 Businesses that are located outside of San Francisco is prohibited.

13 (b) Permitted Cannabis Businesses that receive authorization from the Director to engage in  
14 Deliveries must comply with such Delivery Standards as may be adopted by the Director, including but  
15 not limited to the following:

16 (1) Deliveries may only be conducted by employees of the Permitted Cannabis Business.  
17 Deliveries may not be conducted by independent contractors.

18 (2) An employee conducting a Delivery must deliver the Cannabis or Cannabis Product  
19 to an address associated with real property (e.g. not to a street corner or location within a park).

20 (3) Orders must be completed by individuals aged 21 or over (with valid California  
21 driver's license or Identification card).

22 (4) Deliveries must be made during the Cannabis Business' hours of operation.

23 (5) Delivery may only be made to the individual who placed the Bona Fide Order, and  
24 to individuals who are 21 years of age or older, unless the Customer provides verification that the  
25

1 Customer, or a patient for whom he or she is a Primary Caregiver, qualifies under California Health  
2 and Safety Code Section 11362.7 et seq. to use Medicinal Cannabis.

3 (6) Upon Delivery, the employee performing the Delivery must:

4 (A) Personally review the Bona Fide Proof of Age and Identity of the Customer  
5 to confirm that he or she is the same individual who submitted the Bona Fide Order, and is not  
6 underage, as set forth in Section 1619 of this Article 16:

7 (B) Where the product being sold is Medicinal Cannabis or a Medicinal  
8 Cannabis Product, personally review documentation verifying that the Customer possesses a valid  
9 Physician's Recommendation;

10 (C) Require the Customer to sign a document indicating the type and quantity of  
11 Cannabis and/or Cannabis Products that were Delivered; and

12 (D) Distribute to each Customer at the time of sale a fact sheet relating to safe  
13 Consumption of Cannabis and Cannabis Products, the content of which shall be produced by the  
14 Department of Public Health.

15 (7) A Cannabis Business may not Deliver more than 28.5 grams of non-concentrated  
16 Cannabis or eight grams of concentrated Cannabis Products to the same real property (e.g. apartment  
17 unit or house) in the same business day.

18 (8) Cannabis and Cannabis Products that are Delivered to a Customer must:

19 (A) Comply with the all State and local packaging and labeling rules; and

20 (B) Be placed in an opaque child resistant Delivery receptacle.

21 (9) All Cannabis and Cannabis Products shall be kept in a lock-box securely affixed  
22 inside the Delivery vehicle.

23 (10) A manifest must be created for each Delivery or series of Deliveries prior to  
24 departure, and the Delivery employee may not make any unnecessary stops between Deliveries or  
25 deviate substantially from the manifest route, unless a stop is necessary for personal safety.

1                   (11) A Cannabis Business authorized to engage in the Delivery of Cannabis and/or  
2 Cannabis Products shall comply with all track and trace requirements imposed by state law, and shall  
3 document the following information regarding Deliveries pursuant to track and trace:

4                   (A) The date and time the Bona Fide Order was received by the Cannabis  
5 Business;

6                   (B) The date and time the Cannabis and/or Cannabis Products were Delivered;

7                   (C) A description of the Cannabis and/or Cannabis Products that were  
8 Delivered, including the weight or volume and price paid by the Customer;

9                   (D) The name of the Delivery employee who performed the Delivery; and

10                   (E) The name of the individual to whom the Delivery was made, and the  
11 Delivery address.

12                   (12) A Cannabis Business authorized to engage in Deliveries must Deliver Cannabis  
13 and Cannabis Products by Vehicle only. Delivery of Cannabis and Cannabis Products by motorcycles,  
14 scooters, drones, human powered vehicles, and unmanned vehicles is prohibited.

15  
16                   **SEC. 1623. CANNABIS CULTIVATION FACILITIES.**

17                   (a) Authorized activities. A Cannabis Cultivation Facility Permit authorizes the Permittee to  
18 engage in the Commercial Cultivation and Processing of Medicinal Cannabis and Adult Use Cannabis,  
19 provided that the Permittee is both an A-licensee and an M-licensee. A Cannabis Cultivation Facility  
20 Permittee that holds only an A-license may engage in the Commercial Cultivation and Processing of  
21 Adult Use Cannabis only. A Cannabis Cultivation Facility Permittee that holds only an M-License may  
22 engage in the Cultivation and Processing of Medicinal Cannabis only.

23                   (b) Operating Standards. In addition to the operating requirements set forth in Section 1618 of  
24 this Article 16, a Cannabis Cultivation Facility shall comply with the following Cultivation operating  
25 standards:



1           (1) The Premises to be used as a Cannabis Cultivation Facility may not exceed 22,000  
2 square feet of total Canopy. Canopy shall be calculated on a square foot basis and shall include any  
3 vertical growth space, such as shelving.

4           (2) A Cannabis Cultivation Facility may engage in the indoor Cultivation of Cannabis  
5 only; the outdoor Cultivation of Cannabis is prohibited. For purposes of this Article 16, "indoor  
6 Cultivation" and "outdoor Cultivation" shall have the meaning set forth in regulations promulgated by  
7 the California Department of Food and Agriculture pursuant to the Medicinal and Adult Use Cannabis  
8 Regulation and Safety Act.

9           (3) All Cultivation activities must not be visible from the public right-of-way.

10          (4) A Cannabis Cultivation Facility must have weighing and measuring devices used in  
11 connection with the Sale or Distribution of Cannabis that meet state standards.

12  
13           **SEC. 1624. CANNABIS MANUFACTURING FACILITIES.**

14          (a) Authorized activities. A Cannabis Manufacturing Facility Permit authorizes the Permittee  
15 to engage in the Commercial Manufacture of Medicinal Cannabis Products and Adult Use Cannabis  
16 Products, provided that the Permittee is both an A-licensee and an M-licensee. A Cannabis  
17 Manufacturing Facility Permittee that holds only an A-license may engage in the Commercial  
18 Manufacture of Adult Use Cannabis Products only. A Cannabis Manufacturing Facility Permittee that  
19 holds only an M-License may engage in the Manufacturing of Medicinal Cannabis Products only.

20          (b) Operating Standards. In addition to the operating requirements set forth in Section 1618 of  
21 this Article 16, a Cannabis Manufacturing Facility shall comply with the following Manufacturing  
22 operating standards:

23           (1) A Cannabis Manufacturing Facility may Manufacture Cannabis Products only; it  
24 may not Manufacture products that do not contain Cannabis.

1                   (2) A Cannabis Manufacturing Facility may engage in Cannabis oil extraction, subject  
2 to any limitations imposed by the Planning Code, the Planning Department or the Planning  
3 Commission.

4                   (3) A Cannabis Manufacturing Facility may not produce or Sell Edible Cannabis  
5 Products that do not comply with the requirements of Sections 26130 and 26131 of the California  
6 Health and Safety Code, as may be amended from time to time, and any regulations promulgated  
7 thereto.

8                   (4) A Cannabis Manufacturing Facility may use Volatile Solvents only if the operator  
9 holds a State Cannabis License authorizing their use.

10                   (5) A Cannabis Manufacturing Facility using Volatile Solvents for Manufacturing  
11 Cannabis Products must operate in a manner to reduce the risk of explosion or danger to public health,  
12 including through the use of a close-loop or solvent dispersion system consistent with the requirements  
13 of California Health and Safety Code Section 11362.775, as may be amended from time to time.

14  
15                   **SEC. 1625. CANNABIS TESTING FACILITIES.**

16                   (a) Authorized activities. A Cannabis Testing Facility Permit authorizes the Permittee to  
17 engage in the Commercial testing of Medicinal Cannabis and Cannabis Products and Adult Use  
18 Cannabis and Cannabis Products.

19                   (b) Operating Standards. In addition to the operating requirements set forth in Section 1618 of  
20 this Article 16, a Cannabis Testing Facility shall:

21                   (1) Notify the Department of Public Health and Office of Cannabis of any tests  
22 performed on Cannabis or Cannabis Products Cultivated or Manufactured by a Cannabis Business  
23 located in San Francisco where the Cannabis batch fails the testing requirements established by state  
24 regulation within five business days of conducting such test. Such notification shall include the name,  
25 State license number and local Permit number of the Manufacturer that provided the Cannabis to be

1 tested, and information related to the test results, reason for failure, and any applicable track and trace  
2 information:

3 (2) Notify the Office of Cannabis within 24 hours of conducting a test if a sample that  
4 was Cultivated, Manufactured, or supplied by a Cannabis Business located in San Francisco is found  
5 to contain levels of a contaminant not allowable by the State that could be injurious to human health if  
6 Consumed. The Office of Cannabis shall provide this information to appropriate City and state  
7 departments, including but not limited to the Department of Public Health:

8 (3) Notify the Office of Cannabis within one business day after receipt of notice that  
9 accreditation as a Cannabis Laboratory has been denied, suspended or revoked; and

10 (4) Employ at least one full-time employee responsible for quality control.

11  
12 **SEC. 1626. CANNABIS DISTRIBUTORS.**

13 (a) Authorized activities. A Cannabis Distributor Permit authorizes the Permittee to engage in  
14 the Commercial Distribution of Medicinal Cannabis and Adult Use Cannabis, provided that the  
15 Permittee is both an A-licensee and an M-licensee. A Cannabis Distributor that holds only an A-  
16 license may engage in the Commercial Distribution of Adult Use Cannabis and Cannabis Products  
17 only. A Cannabis Distributor that holds only an M-License may engage in the Commercial  
18 Distribution of Medicinal Cannabis and Cannabis Products only.

19 (b) Operating Standards. In addition to the operating requirements set forth in Section 1618 of  
20 this Article 16, a Cannabis Distributor shall comply with the following operating standards:

21 (1) A Cannabis Distributor shall inspect all Cannabis and Cannabis Products received  
22 by it for quality assurance prior to Distribution.

23 (2) A Cannabis Distributor shall Distribute Cannabis and Cannabis Products by  
24 Commercial Vehicle only. Distribution by non-Commercial Vehicles, drones, human powered vehicles,  
25 and unmanned vehicles is prohibited.

1  
2           **SEC. 1627. CANNABIS MICROBUSINESSES.**

3           (a) Authorized activities. A Cannabis Microbusiness Permit authorizes the Permittee to  
4 engage in the Commercial Cultivation, Manufacture, Distribution, and Sale of Medicinal Cannabis and  
5 Cannabis Products and Adult Use Cannabis and Cannabis Products, provided that the Permittee is  
6 both an A-licensee and an M-licensee. A Cannabis Microbusiness that holds only an A-license may  
7 engage in the aforementioned Commercial activities relating to Adult Use Cannabis and Cannabis  
8 Products only. A Cannabis Microbusiness that holds only an M-License may engage in the  
9 aforementioned Commercial activities relating to Medicinal Cannabis and Cannabis Products only.

10           (b) Operating Standards. In addition to the operating requirements set forth in Section 1618, a  
11 Cannabis Microbusiness shall comply with the operating standards set forth in Sections 1623, 1624,  
12 1626, and 1628 of this Article 16, and shall comply with the following additional operating standards:

13                   (1) A Cannabis Microbusiness shall conduct all four categories of Commercial activity  
14 (Cultivation, Manufacture, Distribution, and Sale) on the same Premises.

15                   (2) The area on which a Cannabis Microbusiness Cultivates Cannabis must be less than  
16 10,000 square feet.

17                   (3) The use of Volatile Solvents by a Cannabis Microbusiness is prohibited.

18  
19           **SEC. 1628. STOREFRONT CANNABIS RETAILERS.**

20           (a) Authorized activities.

21                   (1) A Medicinal Cannabis Retailer permit authorizes the Permittee to engage in the  
22 retail Sale of Medicinal Cannabis and Medicinal Cannabis products only.

23                   (2) A Cannabis Retailer permit authorizes the Permittee to engage in the retail Sale of  
24 both Medicinal and Adult Use Cannabis and Cannabis Products, provided that the Permittee is both an  
25 A-licensee and an M-licensee. A Cannabis Retailer Permittee that holds only an A-license may engage

1 in the retail Sale of Adult Use Cannabis and Cannabis Products only. A Cannabis Retailer Permittee  
2 that holds only an M-License may engage in the retail Sale of Medicinal Cannabis and Cannabis  
3 Products only.

4 (3) A Storefront Cannabis Retailer permit does not authorize the Permittee to engage in  
5 the Delivery of Cannabis or Cannabis Products to Customers unless the Director has authorized the  
6 Permittee to engage in deliveries, as set forth in Section 1622 of this Article 16.

7 (b) **Operating Standards.** In addition to the operating requirements set forth in Sections 1618,  
8 a Storefront Cannabis Retailer shall comply with the following additional operating requirements:

9 (1) A Storefront Cannabis Retailer must be operated from a fixed place of business. It  
10 may not be operated out of a bus, truck, car, van, or any other mobile location or location that is  
11 capable of being mobile.

12 (2) A Storefront Cannabis Retailer shall post staff at the point of entry to the Premises  
13 to confirm that all Customers who enter are not underage, as set forth in Section 1619 of this Article  
14 16.

15 (3) A Storefront Cannabis Retailer must distribute to each Customer at the time of Sale,  
16 a fact sheet relating to safe Consumption of Cannabis and Cannabis Products, to be produced by the  
17 Department of Public Health.

18 (4) A Storefront Cannabis Retailer shall not employ or enter into any agreements with  
19 any physicians who recommend Medicinal Cannabis or with any third party that employs physicians  
20 who recommend Medicinal Cannabis.

21 (5) A Storefront Cannabis Retailer licensed to sell Adult Use Cannabis may not Sell  
22 more than 28.5 grams of non-concentrated Adult Use Cannabis or eight grams of concentrated Adult  
23 Use Cannabis Products to a Customer in the same business day.

24 (6) A Storefront Cannabis Retailer licensed to sell Medicinal Cannabis may not Sell  
25 more than 28.5 grams of non-concentrated Medicinal Cannabis or eight grams of concentrated

1 Medicinal Cannabis Products to a Customer in the same business day, unless the Customer provides a  
2 Physician's Recommendation requiring a greater amount.

3 (7) A Storefront Cannabis Retailer may not:

4 (A) Allow Customers on the Premises during hours of closure;

5 (B) Store Cannabis or Cannabis Products in any location other than on the  
6 permitted Premises;

7 (C) Sell Cannabis or Cannabis Products through a drive-up window;

8 (D) Give away or Sell pressurized containers of butane or other materials that  
9 could be used in the home production of Cannabis extract.

10 (8) A Storefront Cannabis Retailer may accept returns of Cannabis and Cannabis  
11 Products that were previously sold by the Storefront Cannabis Business, but shall not resell Cannabis  
12 or Cannabis Products that have been returned. A Storefront Cannabis Retailer shall treat any  
13 Cannabis and Cannabis Products that are abandoned on the Premises as a return. A Storefront  
14 Cannabis Retailer shall destroy all Cannabis and Cannabis Products that have been returned as  
15 required by the State of California.

16 (9) A Storefront Cannabis Retailer must maintain an electronic age verification device  
17 to determine the age of any individual attempting to purchase Cannabis or Cannabis Products, which  
18 device shall be used for the Sale of the Cannabis or Cannabis Products to the Customer. The device  
19 shall be maintained in operational condition and all employees shall be instructed in its use. Cannabis  
20 and Cannabis products shall not be sold to a Customer if the electronic age verification device is not  
21 functioning.

22 (10) All operating standards applicable to Sales of Cannabis and Cannabis Products that  
23 are made on the Premises of the Cannabis Business shall apply equally to Sales that are made by Delivery  
24 pursuant to Section 1622.

1                   **SEC. 1629. DELIVERY-ONLY CANNABIS RETAILERS.**

2                   **(a) Authorized Activities.**

3                   A Delivery-Only Cannabis Retailer permit authorizes the Permittee to engage in the Delivery  
4 and Sale of both Medicinal Cannabis and Cannabis Products and Adult Use Cannabis and Cannabis  
5 Products, provided that the Permittee is both an A-licensee and an M-licensee. A Delivery-Only  
6 Cannabis Retailer Permittee that holds only an A-license may engage in the Delivery and retail Sale of  
7 Adult Use Cannabis and Cannabis Products only. A Delivery-Only Cannabis Retailer Permittee that  
8 holds only an M-License may engage in the Delivery and retail Sale of Medicinal Cannabis and  
9 Cannabis Products only.

10                  **(b) Only Delivery Authorized.** The Premises of a Delivery-Only Cannabis Retailer must be  
11 closed to the public and all Sales must be conducted exclusively by Delivery. A Delivery-Only  
12 Cannabis Retailer may not permit entry on to its Premises by Customers.

13                  **(c) Operating Standards.** In addition to the operating requirements set forth in Sections 1618,  
14 a Delivery-Only Cannabis Retailer shall comply with the following additional operating requirements:

15                         **(1) A Delivery-Only Cannabis Retailer licensed to sell Adult Use Cannabis may not**  
16 **Sell more than 28.5 grams of non-concentrated Adult Use Cannabis or eight grams of concentrated**  
17 **Adult Use Cannabis Products to a Customer in the same business day.**

18                         **(2) A Delivery-Only Cannabis Retailer licensed to sell Medicinal Cannabis may not Sell**  
19 **more than 28.5 grams of non-concentrated Medicinal Cannabis or eight grams of concentrated**  
20 **Medicinal Cannabis Products to a Customer in the same business day, unless the Customer provides a**  
21 **Physician's Recommendation requiring a greater amount.**

22                         **(3) All inventory must be stored on the Premises.**

23                         **(4) A Delivery-Only Cannabis Retailer may not employ or enter into any agreements**  
24 **with any physicians who recommend Medicinal Cannabis or with any third party that employs**  
25 **physicians who recommend Medicinal Cannabis.**

1           (5) A Delivery-Only Cannabis Retailer must provide to all Delivery personnel a remote  
2 electronic age verification device to determine the age of any individual attempting to purchase  
3 Cannabis or Cannabis Products, which device shall be used upon the Delivery of the Cannabis or  
4 Cannabis Products to the Customer. The device shall be maintained in operational condition and all  
5 employees shall be instructed in its use. Cannabis and Cannabis products shall not be Delivered to a  
6 Customer if the electronic age verification device is not functioning.

7  
8           **SEC. 1630. INSPECTIONS.**

9           (a) Any member of the Office of Cannabis, the Police Department, the Department of Public  
10 Health, the Department of Building Inspection, the Planning Department, and/or any other Referring  
11 Department (collectively, "Inspecting Departments") may enter and inspect the Premises of any  
12 Cannabis Business and any vehicle used for the purpose of Distribution or Delivery, to determine  
13 whether the Cannabis Business is operating in compliance with State law or this Article 16 (including  
14 compliance with conditions on the permit).

15           (b) Pursuant to this Section 1630, the Inspecting Departments shall have access to the  
16 Cannabis Business Premises, video footage, business records, data, inventory levels and information  
17 relating to Customers, vendors, Cannabis Products, plans and agreements (collectively, "Confidential  
18 Information"). To the extent authorized by law, an Inspecting Department shall not disclose  
19 Confidential Information to the public, and shall use the Confidential Information only for purposes  
20 specified in this Article 16 or other laws and regulations of the City specifically related to the City  
21 Permittees from whom such Confidential Information has been received. Notwithstanding the  
22 foregoing, the City may disclose Confidential Information:

23           (1) As may be required by the California Public Records Act or the San Francisco  
24 Sunshine Ordinance or other state or City law, or pursuant to a valid subpoena or court order; or  
25



1                   (2) In connection with any City enforcement proceeding relating to compliance with  
2 laws specifically applicable to Cannabis Businesses, but only to the extent the Confidential Information  
3 is relevant to the proceeding.

4                   (c) The Police Department may conduct random, onsite “sting” operations on the Premises of  
5 Cannabis Retailers to determine compliance with Section 1619 of this Article 16. In conducting these  
6 inspections, the Police Department may enlist the assistance of persons under 21 years of age.

7  
8                   **SEC. 1631. NOTICE OF VIOLATION; HEARING AND APPEAL.**

9                   (a) If the Director determines that a Cannabis Business is operating in violation of this Article  
10 16 (which is deemed in the entirety of this Section 1631 to include a violation of a permit condition  
11 and/or a violation of the rules and regulations adopted pursuant to this Article), the Director may issue  
12 a Notice of Violation to the Cannabis Business, the owner of real property where the violation  
13 occurred, and/or any other Persons the Director deems responsible for causing the violation.

14                   (b) The Notice of Violation shall include the following information:

15                   (1) That the Director has made a determination that the Cannabis Business is operating  
16 in violation of this Article 16;

17                   (2) The alleged acts or failures to act that constitute the basis for the Director’s  
18 determination;

19                   (3) That the Director intends to take enforcement action against the Cannabis Business,  
20 owner of real property, and/or any other Person deemed responsible for causing the violation(s), and  
21 the nature of that action, including the administrative penalty and enforcement costs to be imposed,  
22 additional conditions on Cannabis Business Permit(s) that may be imposed, and/or the suspension or  
23 revocation of Cannabis Business Permit(s);

24                   (4) That the Cannabis Business, owner of real property, and/or any other Person  
25 deemed responsible for causing the violation(s) has the right to request a hearing before the Director

1 within 15 days after the Notice of Violation is mailed, and that the written request for hearing must  
2 state facts demonstrating that:

3 (A) If the violation is disputed, the Cannabis Business was operating in  
4 compliance with this Article 16 and/or the rules and regulations adopted pursuant to this Article; and

5 (B) Whether or not the violation is disputed, the Cannabis Business is currently  
6 operating in compliance with this Article 16 and/or the rules and regulations adopted pursuant to this  
7 Article, and has taken reasonable steps to prevent violations similar to the alleged violation(s), and  
8 arranged for the Director to re-inspect the Cannabis Business to confirm such reasonable steps.  
9 Where no such showing has been made, any Person or entity served with a notice or order by the  
10 Director setting forth the nature of the violation of this Article, such person shall be presumed, in  
11 subsequent civil proceedings, not to have corrected such violation.

12 (c) If no request for a hearing is filed with the Director within the appropriate period, or the  
13 request for hearing does not include the information required by subsection (b)(4) of this Section 1631,  
14 the right to request a hearing shall be deemed waived, and the Director's determination shall become  
15 final and effective 15 days after the Notice of Violation was mailed. The Director shall issue an order  
16 imposing the enforcement action and mail the order to the Persons served with the Notice of Violation.  
17 In subsequent civil proceedings, such violations shall be presumed not to have been corrected. Where  
18 no hearing is timely requested, an order suspending, revoking, or imposing additional conditions on a  
19 permit is final. The failure of the Person on whom the Notice of Violation is served to request a  
20 hearing shall constitute a failure to exhaust administrative remedies and shall preclude the Person  
21 from obtaining judicial review of the validity of the enforcement action.

22 (d) Upon a timely request for a hearing that includes the information required by subsection  
23 (b)(4) of this Section 1631, the Director shall, within 15 days of the request, notify the requester of the  
24 date, time, and place of the hearing. The Director shall make available to the requester the  
25 photographs and other recorded evidence obtained in support of the Notice of Violation as well as a

1 copy of the report prepared by the Director's designee, if any, to support the Notice of Violation. Such  
2 hearing shall be held no later than 60 days after the Director receives the request, unless time is  
3 extended by mutual agreement of the requester and the Director.

4 (e) The Director shall conduct the hearing, or a hearing officer may be designated, who shall  
5 have the same authority as the Director to hear and decide the case and make any orders consistent  
6 with this Article 16. The Cannabis Business, owner of real property, or other Person(s) deemed  
7 responsible for causing the violation(s) may present evidence for consideration, subject to any rules  
8 adopted by the Director or hearing officer for the orderly conduct of the hearing. Within 30 days of the  
9 conclusion of the hearing, the Director or hearing officer shall render a decision in the form of a  
10 written order, which the Director shall promptly serve on the Cannabis Business, owner of real  
11 property, or any other Persons charged in the Notice of Violation. The order shall state whether the  
12 Notice of Violation has been upheld (in whole or in part), and the enforcement action taken against  
13 each party.

14 (f) If the order directs the Cannabis Business, owner of real property, or other person to pay an  
15 administrative penalty and/or enforcement costs, such amount shall be paid within ten days from the  
16 mailing of the order; the order shall inform the recipient of such deadline for payment.

17 (g) If the order suspends or revokes a permit, or imposes additional permit conditions, it may  
18 be appealed to the Board of Appeals in the manner prescribed in Article 1 of the Business and Tax  
19 Regulations Code; the order shall inform the recipient of such right to appeal.

20  
21 **SEC. 1632. ADMINISTRATIVE PENALTIES AND ENFORCEMENT COSTS.**

22 (a) **Penalty Amounts.** Any Person who violates this Article 16 (which is deemed in the entirety  
23 of this Section 1632 to include a violation of a permit condition and/or a violation of the rules and  
24 regulations adopted pursuant to this Article) shall be subject to an administrative penalty imposed by  
25 order of the Director, not to exceed \$1,000 for each violation, for each day such violation occurs.

1 However, in the case of a continuing violation, the Director shall not impose a daily administrative  
2 penalty for the second and subsequent days of such violation where the Director finds all of the  
3 following:

4 (1) In the 12 months preceding issuance of the Notice of Violation, the Cannabis  
5 Business was not issued a Notice of Violation, which was later upheld in whole or in part, for a similar  
6 violation;

7 (2) In the 12 months preceding issuance of the Notice of Violation, the Cannabis  
8 Business was issued no more than two Notices of Violation, which were later upheld in whole or in  
9 part, for any violation of this Article;

10 (3) The violation occurred notwithstanding that the Cannabis Business was acting in  
11 good faith; and

12 (4) The Cannabis Business promptly took reasonable steps to prevent future violations  
13 similar to the alleged violation(s), and arranged for the Director to re-inspect the Cannabis Business to  
14 confirm such reasonable steps.

15 (b) **Setting Administrative Penalty.** In setting the amount of the administrative penalty, the  
16 Director shall consider any one or more of the relevant circumstances presented, including but not  
17 limited to the following: the nature and seriousness of the misconduct giving rise to the violation, the  
18 number of violations, the persistence of the misconduct, the length of time over which the misconduct  
19 occurred, the willfulness of the responsible party's misconduct, and the responsible party's assets,  
20 liabilities, and net worth.

21 (c) **Setting Enforcement Costs.** In any action where a violation is found, the Director shall  
22 assess the Office's costs of enforcement against the Cannabis Business or any other Persons the  
23 Director finds responsible for causing the violation.

24 (d) **Payment and Collection of Administrative Penalty and Enforcement Costs.** Any  
25 administrative penalty and/or enforcement costs assessed under this Article 16 is a debt to the City and

1 County of San Francisco and shall be paid to the Treasurer of the City and County of San Francisco.  
2 Any amount paid late shall be subject to an additional late fine of 10% on the unpaid amount. The sum  
3 of the unpaid amount and the 10% late fine shall accrue interest at the rate of 1% per month (or  
4 fraction thereof) until fully paid; any partial payments made shall first be applied to accrued interest.  
5 The City may file a civil action or pursue any other legal remedy to collect such unpaid amount, fine,  
6 and interest. In any civil action for collection, the City shall be entitled to obtain a judgment for the  
7 unpaid amounts, fine, and interest, and for the costs and attorneys' fees incurred by the City in  
8 bringing such civil action.

9 (e) **Lien for Administrative Penalty.** Where an activity or condition on San Francisco real  
10 property has caused, contributed to, or been a substantial factor in causing the violation, the Director  
11 may initiate proceedings to make any unpaid administrative penalty, enforcement costs, fine, and  
12 interest, and all additional authorized costs and attorneys' fees, a lien on the property. Such liens shall  
13 be imposed in accordance with Administrative Code Sections 10.230—10.237, or any successor  
14 provisions. Before initiating lien proceedings, the Director shall send a request for payment under  
15 Administrative Code Section 10.230A.

16  
17 **SEC. 1633. PERMIT SUSPENSIONS AND REVOCATIONS.**

18 (a) **Grounds for Suspension or Revocation.** The Director may revoke or suspend any  
19 Cannabis Business Permit if the Director finds any of the following circumstances to exist:

20 (1) Facts sufficient to support the denial of such permit on any ground set forth in  
21 Section 1615 of this Article 16;

22 (2) The Permittee has refused to permit an inspection of its business Premises or its  
23 operations under this Article;

24 (3) The Permittee has engaged in any conduct in connection with the operation of the  
25 Cannabis Business that violates this Article 16 (which is deemed in the entirety of this Section 1633 to

1 include a violation of a permit condition and/or a violation of the rules and regulations adopted  
2 pursuant to this Article), or the Medicinal and Adult Use Cannabis Regulation and Safety Act, and any  
3 regulations promulgated thereto;

4 (4) The Director determines that such Cannabis Business is being managed, conducted,  
5 or maintained in a way that threatens the health or safety of clients, employees, or the public at large;

6 (5) The Director finds good cause to suspend or revoke the permit in accordance with  
7 Business and Tax Regulations Code Sections 24 and 26;

8 (6) An Owner or manager of the Cannabis Business willfully violated this Article;

9 (7) An Owner or manager of the Cannabis Business willfully made a false statement to  
10 the Office, or discovered a false statement made to the Office by any employee or agent of the Cannabis  
11 Business and failed to promptly correct such statement; or

12 (8) An Owner has been convicted of a controlled substance felony subsequent to the  
13 award of a Cannabis Business Permit;

14 (b) The Director may not suspend or revoke a Cannabis Business Permit under this Article 16  
15 until the Director has issued a Notice of Violation and provided the Cannabis Business an opportunity  
16 to be heard and respond as provided in Section 1631 of this Article 16. A Cannabis Business whose  
17 permit has been suspended or revoked must cease operations within 24 hours of the suspension or  
18 revocation order being final.

19 (c) Notwithstanding subsection (b) of this section 1633, the Director may suspend summarily  
20 any Cannabis Business Permit issued under this Article 16 when, in the judgment of the Director, the  
21 public health or safety requires such summary suspension. The Director shall provide written notice of  
22 such summary suspension to the permit holder by hand delivery, registered mail, or electronic mail.  
23 No more than three days after written notice of such summary suspension is given, the Director shall  
24 issue a Notice of Violation identifying the alleged acts or failures to act that constitute the basis for the  
25 summary suspension, and provide the Cannabis Business an opportunity to be heard and respond as

1 provided in Section 1631 as to why the summary suspension should end. However, the time for hearing  
2 and decision shall be accelerated as follows: Upon a timely request for a hearing that includes the  
3 information required by subsection (b)(4) of Section 1631, the Director shall set any requested hearing  
4 within seven days, unless time is extended by mutual agreement of the affected parties; and the  
5 Director, or a designated hearing officer who shall have the same authority as the Director to hear and  
6 decide the case, and make any orders consistent with this Article 16, shall issue a decision on the  
7 summary suspension within seven days after hearing.

8 (c) If the Permittee appeals a decision by the Director or hearing officer upholding a summary  
9 suspension to the Board of Appeals, the summary suspension shall remain in effect until a final decision  
10 is issued by the Board of Appeals. Where a permit is revoked after a summary suspension, the  
11 revocation shall be effective immediately and, if the Permittee appeals to the Board of Appeals, shall  
12 remain in effect until a final decision is issued by the Board of Appeals.

13  
14 **SEC. 1634. ADDITIONAL ADMINISTRATIVE ENFORCEMENT ORDERS.**

15 (a) Order to Cease Operations Without Permit. Upon a determination by the Director that  
16 any Cannabis Business is operating without all valid, effective, and current permits required by this  
17 Article 16, the Director shall issue an Order to Cease Operations Without Permit, which shall be  
18 posted prominently on the Premises and mailed to the Cannabis Business. Such Order shall state:

19 (1) The required permits which are lacking;

20 (2) That the Cannabis Business has 72 hours from the time of posting to demonstrate to  
21 the Director's satisfaction that the Cannabis Business has the required valid, effective, and current  
22 permits;

23 (3) If the Cannabis Business has not made such demonstration within 72 hours, that the  
24 Cannabis Business must immediately close until such time as it demonstrates to the Director's  
25 satisfaction that the Cannabis Business has the required permits; and

1           (4) If the Cannabis Business fails to close as required by this subsection (a), that the  
2 Director shall issue an Immediate Closure Order and close the Premises.

3           (b) Order to Cease Operations without a Permit Inapplicable to Permit Suspensions and  
4 Revocations. As set forth in subsection (b) of section 1633, a Cannabis Business whose permit has  
5 been suspended or revoked must cease operations within 24 hours of the suspension or revocation  
6 order being final. The Director is not required to issue an Order to Cease Operations without a Permit  
7 to a Cannabis Business whose Cannabis Business Permit is subject to a final order of suspension or  
8 revocation.

9           (c) Immediate Closure Order. The Director shall issue an Immediate Closure Order ordering  
10 closure of a Cannabis Business under the following circumstances:

11           (1) 72 hours after the issuance of an Order to Cease Operations Without Permit, the  
12 Cannabis Business has not demonstrated to the Director's satisfaction that the Cannabis Business has  
13 the required permits, and the Cannabis Business nevertheless continues to operate;

14           (2) 24 hours after the suspension or revocation of a permit becomes final, the Cannabis  
15 Business continues to operate;

16           (3) Without delay, after issuance of a summary suspension.

17           (d) Enforcement. It is the duty of a Cannabis Business and any person owning or managing a  
18 Cannabis Business, to obey all orders issued under this Section 1634. To enforce an Immediate  
19 Closure Order, the Director shall take such steps as the Director views as reasonable and necessary to  
20 enforce such order, including but not limited to securing and barricading the Premises. The Director  
21 is hereby authorized to call upon the Police Department and other departments and bureaus to aid and  
22 assist the Director in such enforcement, and it shall then be their duty to enforce the provisions of this  
23 Article and to perform such duties as may come within their respective jurisdictions.

24           (e) Enforcement Costs. Following an Order under this Section 1634, the Director shall issue a  
25 separate order assessing the City's costs of enforcement, including the costs incurred by the Office as



1 well as the costs incurred by any other City departments, against the Cannabis Business. Such  
2 assessments shall be paid within 10 days of issuance of the separate order. Unpaid amounts shall  
3 accrue late fines, penalties, and interest, and may be collected as provided in Section 1632 of this  
4 Article 16.

5  
6 **SEC. 1635. NUISANCE.**

7 Any building or place used by a Cannabis Business in violation of this Article, or where any  
8 Commercial Cannabis Activity occurs in violation of this Article 16, is a nuisance which may be  
9 remedied as provided by law, including but not limited to the provisions of Article 3 (commencing with  
10 Section 11570) of Chapter 10 of Division 10 of the California Health and Safety Code.

11  
12 **SEC. 1636. ENFORCEMENT BY CITY ATTORNEY.**

13 (a) The City Attorney may at any time institute civil proceedings for injunctive and monetary  
14 relief, including civil penalties, against any Person for violations of this Article 16, without regard to  
15 whether the Director has issued a notice of violation, instituted abatement proceedings, scheduled or  
16 held a hearing on a notice of violation, or issued a final decision.

17 (b) At any time, the Director may refer a case to the City Attorney's Office for civil  
18 enforcement, but a referral is not required for the City Attorney to bring a civil action under subsection  
19 (a).

20 (c) Action for Injunction and Civil Penalty. Any Person that violates any provision of this  
21 Article 16 shall be enjoined and shall be subject to a civil penalty in an amount not to exceed \$1,000  
22 for each day such violation is committed or permitted to continue, which penalty shall be assessed and  
23 recovered in a civil action brought in the name of the people of the City and County of San Francisco  
24 by the City Attorney in any court of competent jurisdiction. In assessing the amount of the civil penalty,  
25 the court shall consider any one or more of the relevant circumstances presented by any of the parties

1 to the case, including but not limited to, the following: the nature and seriousness of the misconduct  
2 giving rise to the violation, the number of violations, the persistence of the misconduct, the length of  
3 time over which the misconduct occurred, the willfulness of the defendant's misconduct, and the  
4 defendant's assets, liabilities and net worth.

5 (d) Attorneys' fees. The prevailing party in any court case or special proceeding to enforce  
6 this Article 16 shall recover reasonable attorneys' fees if the City Attorney elects, at the initiation of the  
7 action, to seek recovery of attorneys' fees and provides notice of such intention to the adverse party or  
8 parties. In no court case or special proceeding shall an award of attorneys' fees to a prevailing party  
9 exceed the amount of reasonable attorneys' fees incurred by the City.

10 (e) Remedies under this Section 1636 are non-exclusive and cumulative to all other remedies  
11 available at law or equity.

12  
13 **SEC. 1637. UNDERTAKING FOR THE GENERAL WELFARE.**

14 In enacting and implementing this Article 16, the City is assuming an undertaking only to  
15 promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an  
16 obligation for breach of which it is liable in money damages to any person who claims that such breach  
17 proximately caused injury. To the fullest extent permitted by law, the City shall assume no liability  
18 whatsoever, and expressly does not waive sovereign immunity, with respect to the permitting and  
19 licensing provisions of this Article, or for the activities of any Cannabis Business. To the fullest extent  
20 permitted by law, any actions taken by a public officer or employee under the provisions of this Article  
21 shall not become a personal liability of any public officer or employee of the City.

22  
23 **SEC. 1638. SEVERABILITY.**

24 If any section, subsection, sentence, clause, phrase, or word of this Article 16, or any  
25 application thereof to any person or circumstance, is held to be invalid or unconstitutional by a

1 decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining  
2 portions or applications of the ordinance. The Board of Supervisors hereby declares that it would have  
3 passed this Article and each and every section, subsection, sentence, clause, phrase, and word not  
4 declared invalid or unconstitutional without regard to whether any other portion of this ordinance or  
5 application thereof would be subsequently declared invalid or unconstitutional.

6  
7 Section 3. Article 1 of the Business and Regulations Code is amended by revising  
8 Section 8, to read as follows:

9  
10 **SEC. 8. METHOD OF APPEAL TO THE BOARD OF APPEALS.**

11 Except for variance decisions and permits issued by the Entertainment Commission or  
12 its Director, appeals to the Board of Appeals shall be taken within 15 days from the making or  
13 entry of the order or decision from which the appeal is taken. Appeals of variance decisions  
14 shall be taken within 10 days.

15 Appeals of actions taken by the Entertainment Commission or its Director on the  
16 granting, denial, amendment, suspension, or revocation of a permit, or on denial of exceptions  
17 from regulations for Extended-Hours Premises Permit, shall be taken within 10 days from the  
18 making of the decision. Nothing in this Section is intended to require an appeal to the Board of  
19 Appeals if any provision of Article 15, Article 15.1 (Entertainment Regulations Permit and  
20 License Provisions) or Article 15.2 (Entertainment Regulations for Extended-Hours Premises)  
21 of the Police Code governing these permits otherwise provides. Appeals shall be taken by  
22 filing a notice of appeal with the Board of Appeals and paying to said Board at such time a  
23 filing fee as follows:

24 \* \* \* \*

25 (i) Additional Requirements.

1 (1) Notice of appeal shall be in such form as may be provided by the rules of the  
2 Board of Appeals.

3 (2) On the filing of any appeal, the Board of Appeals shall notify in writing the  
4 department, board, commission, officer or other person from whose action the appeal is taken  
5 of such appeal. On the filing of any appeal concerning a structural addition to an existing  
6 building, the Board of Appeals shall additionally notify in writing the property owners of  
7 buildings immediately adjacent to the subject building.

8 (3) The Board of Appeals shall fix the time and place of hearing, which shall be  
9 not less than 10 nor more than 45 days after the filing of said appeal, and shall act thereon not  
10 later than 60 days after such filing or a reasonable time thereafter. In the case of a permit  
11 issued by the Entertainment Commission or its Director, the Board of Appeals shall set the  
12 hearing not less than 15 days after the filing of said appeal, shall act thereon not more than 30  
13 days after such filing, and shall not entertain a motion for rehearing.

14 (4) With respect to any decision of the Board of Appeals related to any "dwelling"  
15 in which "protected class members" are likely to reside (each as defined in Administrative  
16 Code Chapter 87), the Board of Appeals shall comply with the requirements of Administrative  
17 Code Chapter 87 which requires, among other things, that the Board of Appeals not base any  
18 decision regarding the development of such units on information which may be discriminatory  
19 to any member of a "protected class."

20 (5) Pending decision by the Board of Appeals, the action of such department,  
21 board, commission, officer or other person from which an appeal is taken, shall be  
22 suspended, except for: (1) actions of revocation or suspension of permit by the Director of  
23 Public Health when determined by the Director to be an extreme public health hazard; ~~and~~ (2)  
24 actions by the Zoning Administrator or Director of the Department of Building Inspection  
25 stopping work under or suspending an issued permit; ~~and~~ (3) actions of suspension or

1 revocation by the Entertainment Commission or the Director of the Entertainment Commission  
2 when the suspending or revoking authority determines that ongoing operation of the activity  
3 during the appeal to the Board of Appeals would pose a serious threat to public safety; and (4)  
4 actions of the Director of the Office of Cannabis awarding a Temporary Medicinal Cannabis Business  
5 Permit.

6  
7 Section 4. The Health Code is amended by adding new Article 8A, consisting of  
8 Sections 8A.1-8A.8, to read as follows:

9  
10 **ARTICLE 8A: CANNABIS CONSUMPTION PERMITS**

11  
12 **SEC. 8A.1. DEFINITIONS.**

13 (a) Terms not defined in this Article 8A shall have the meaning attributed to them in Section  
14 1602 of the Police Code.

15 (b) As used in this Article 8A, the following words or phrases shall mean:

16 “Director” means the Director of the Department of Public Health, or his or her designee.

17 “Permittee” means any person or business to whom a Cannabis Consumption Permit is issued  
18 under this Article 8A, and any authorized agent or designee of such person or business.

19 “Pre-packaged Cannabis Product” means a Cannabis Product that is packaged by a cannabis  
20 business that holds a valid license from the state of California authorizing it to engage in the  
21 distribution or manufacture of Cannabis Products, and that is served to a customer in its original  
22 packaging.

23 “Preparing” or “Preparation” means the heating, re-heating, or serving of Cannabis Products,  
24 and does not include cooking or infusing.

1                   **SEC. 8A.2. PERMITS FOR THE ON-SITE CONSUMPTION OF CANNABIS.**

2                   It shall be unlawful to allow the Consumption of Cannabis Products on the Premises of a  
3 commercial business without obtaining and maintaining:

4                   (a) A permit therefor issued by the Department of Public Health; and

5                   (b) A Medicinal Cannabis Retailer, Cannabis Retailer, or Cannabis Microbusiness permit  
6 issued by the Office of Cannabis; and

7                   (c) A State Cannabis License.

8  
9                   **SEC. 8A.3. CANNABIS CONSUMPTION PERMIT TYPES.**

10                   There are two types of permits available for the purpose of legalizing and regulating the  
11 Consumption of Cannabis Products on the Premises of commercial businesses:

12                   (a) Cannabis Consumption – Prepackaged Cannabis Products – No Preparation. A  
13 Permittee in possession of this permit type may allow the on-site Consumption of Pre-Packaged  
14 Cannabis Products but may not engage in the Preparation of Cannabis Products.

15                   (b) Cannabis Consumption – Limited Preparation of Cannabis Products. A Permittee in  
16 possession of this permit type may allow the on-site Consumption of Pre-Packaged Cannabis Products,  
17 and may also Prepare and allow the Consumption of Cannabis Products.

18  
19                   **SEC. 8A.4. PERMIT APPLICATIONS AND AWARDS.**

20                   (a) Every applicant for a Cannabis Consumption Permit shall file an application with the  
21 Director upon a form provided by the Director and provide such additional information as may be  
22 required by the Director, in the exercise of his or her discretion. Every applicant shall pay a non-  
23 refundable application fee

24                   (b) A person may not file and the Director may not accept an application for a Cannabis  
25 Consumption Permit until after the Director has adopted rules, regulations, and/or guidelines to

1 establish the minimum health and safety standards applicable to Permittees, as set forth in Section  
2 8A.8.

3 (c) Upon receipt of a complete application, the Director shall refer the application to the  
4 Planning Department and Fire Department (the "Referring Departments). The Referring Departments  
5 shall determine whether an inspection of the premises is warranted in light of the type of Cannabis  
6 Consumption Permit sought and any inspection history at the premises, and shall conduct inspections  
7 as may be required. Said departments shall advise the Director in writing whether they recommend  
8 approval or denial of the application for the Cannabis Consumption permit, and the basis for that  
9 recommendation.

10 (d) Upon review of a complete application and consideration of the recommendations of the  
11 Referring Departments, the Director shall either grant or deny a permit, as specified in more detail in  
12 subsections (e) and (f) of this Section 8A.4.

13 (e) In granting a permit, the Director may impose conditions as are, in his or her judgment,  
14 necessary to protect the health and safety of the Permittee's employees and customers.

15 (f) No Cannabis Consumption permit shall be issued if the Director finds that:

16 (1) The applicant has provided materially false information or documents (which  
17 includes omitting material information or documents) in support of the application.

18 (2) The applicant failed to submit a complete application and/or did not provide all of  
19 the information required in connection with the application.

20 (3) The applicant has not demonstrated that it can meet the health and safety standards  
21 adopted by the Director under Section 8A.8.

22 (4) A Referring Department recommends that the application be denied and states a  
23 sound basis for such recommendation.

24 (5) The on-site Consumption of Cannabis Products, if permitted, would not comply with  
25 all applicable laws, including but not limited to the Building, Planning, Housing, Police, Fire, and

1 Health Codes, and the Medicinal and Adult Use Cannabis Regulation and Safety Act, 2017 Cal. Legis.  
2 Serv. Ch. 27 (S.B. 94), and its implementing regulations, as may be amended from time to time.

3  
4 **SEC. 8A.5. PAYMENT OF ANNUAL LICENSE FEE.**

5 The license fee for a Cannabis Consumption Permit shall be paid annually on or before March  
6 31, in accordance with the provisions of Section 76.1 of the Business and Tax Regulations Code.

7  
8 **SEC. 8A.6. OPERATING STANDARDS.**

9 (a) No Permittee shall allow the on-site Consumption of Cannabis Products in a manner  
10 inconsistent with any permit condition imposed by the Director, or inconsistent with any rules,  
11 regulations, or guidelines promulgated by the Director under Section 8A.8.

12 (b) Any employee or agent of the Department of Public Health may enter and inspect the  
13 Premises of a Permittee during business hours, without notice.

14 (c) No Permittee shall authorize the on-site Consumption of Cannabis Products outside of the  
15 business' operating hours, as such hours may be established by law or regulation or required as a  
16 condition of the permit.

17 (d) Permittees shall post one or more notices of sufficient size, lettering, and prominence to  
18 advise customers that the Consumption of Cannabis Products on the sidewalk or in other areas  
19 adjacent to the Premises is prohibited.

20 (e) Access to the area where the Consumption of Cannabis Products is allowed shall be  
21 restricted to persons 21 years of age and older, or persons 18 years of age and older if the Permittee is  
22 authorized to Sell Medicinal Cannabis Products.

23 (f) Cannabis Consumption shall not be visible from any public place or any nonage-restricted  
24 area on the Premises.

25 (g) The sale and Consumption of alcohol or tobacco products are not allowed on the Premises.



1           (h) A Permittee shall comply with laws governing Cannabis Businesses and retail food  
2 establishments, including but not limited to the California Retail Food Code and Article 8 of the Health  
3 Code, where applicable.

4  
5           **SEC. 8A.7. NOTICE OF VIOLATIONS; HEARING AND APPEAL.**

6           (a) If the Director determines that a Cannabis Business is operating in violation of this Article  
7 8A or rules, regulations, or guidelines adopted pursuant to this Article, the Director shall issue a  
8 Notice of Violation to the Permittee. The Notice of Violation shall include the following information:  
9 the alleged act or failure to act that constitutes the basis for the Director's determination; that the  
10 Director intends to take enforcement action against the Permittee, and the nature of that action,  
11 specifically, the administrative penalty to be imposed, additional permit conditions to be imposed,  
12 and/or suspension or revocation of the permit; and that the Permittee may request a hearing before the  
13 Director within 15 days after the Notice of Violation is mailed, to challenge the Director's  
14 determination and/or the proposed enforcement action.

15           (b) If no request for a hearing is timely filed with the Director, the right to request a hearing  
16 shall be deemed waived, and the Director's determination shall become final and effective 15 days  
17 after the Notice of Violation was mailed. The failure of the Person on whom the Notice of Violation is  
18 served to request a hearing shall constitute a failure to exhaust administrative remedies and shall  
19 preclude the Person from obtaining judicial review of the validity of the enforcement action.

20           (c) Upon a timely request for a hearing, the Director shall, within 15 days of the request, notify  
21 the requester of the date, time, and place of the hearing.

22           (d) The Director shall conduct the hearing, or may designate a hearing officer who shall have  
23 the same authority as the Director to hear and decide the case.

24           (e) An order after hearing to suspend or revoke a permit, or to impose additional permit  
25 conditions, may be appealed to the Board of Appeals in the manner prescribed in Article 1 of the

1 Business and Tax Regulations Code; and such an order shall inform the recipient of this right to  
2 appeal.

3  
4 **SEC. 8A.8. RULES AND REGULATIONS.**

5 (a) The Director shall adopt rules, regulations, and/or guidelines to establish the minimum  
6 health and safety standards that businesses must maintain to be eligible to receive and maintain a  
7 Cannabis Consumption permit. Such health and safety standards shall be sufficient in the Director's  
8 judgment to, among other things: protect the health and safety of consumers and employees of the  
9 cannabis business, prevent the ingestion of adulterated Cannabis Products, promote sanitary  
10 conditions in the Consumption and Preparation areas, and prevent food-borne diseases that might  
11 occur through unsafe food or Cannabis Product handling procedures.

12 (b) The Director may adopt rules, regulations, and guidelines that are not inconsistent with this  
13 Article 8A, for the purpose of implementing and enforcing this Article.

14  
15 Section 5. Article 19F of the Health Code is hereby amended by revising Sections  
16 1009.22 and 1009.23, to read as follows:

17  
18 **SEC. 1009.22. PROHIBITING SMOKING IN BUILDINGS, CERTAIN VEHICLES,**  
19 **CERTAIN UNENCLOSED AREAS, ENCLOSED STRUCTURES CONTAINING CERTAIN**  
20 **USES, AND SPORTS STADIUMS.**

21 (a) Smoking is prohibited in buildings and enclosed structures, throughout the building  
22 or structure and in the common areas, such as the elevators, hallways, stairways, restrooms,  
23 conference and meeting rooms, and eating and break rooms, and certain unenclosed areas  
24 that contain any of the facilities or uses set forth below.

1 (1) Facilities owned or leased by the City and County of San Francisco; every  
2 commission, department, or agency, with jurisdiction over such property shall adopt  
3 regulations or policies implementing the provisions of this Article 19F; provided, however, with  
4 respect to facilities located outside the City and County of San Francisco, the regulations or  
5 policies shall prohibit smoking in enclosed areas during all times;

6 (2) Facilities in which the business of any governmental body or agency is  
7 conducted, including hearing rooms, courtrooms, or places of public assembly;

8 (3) Polling places;

9 (4) Health facilities, including, but not limited to, hospitals, long term care  
10 facilities, doctors' and dentists' offices, inpatient rooms, and outpatient examination and  
11 treatment rooms;

12 (5) Educational facilities;

13 (6) Business establishments, except that persons qualifying under California Health  
14 and Safety Code Sections 11362.7 et seq. to use medicinal cannabis may smoke medicinal cannabis on  
15 the premises of a Medicinal Cannabis Retailer with a valid permit issued by the Office of Cannabis  
16 under Article 16 of the Police Code, subject to the limitations set forth in Section 1009.23 of this Article  
17 19F;

18 (7) Nonprofit establishments, except that persons qualifying under California  
19 Health and Safety Code Section 11362.7 et seq. to use medical marijuana may smoke  
20 medical marijuana on the premises of a Medical Cannabis Dispensary with a valid permit  
21 issued by the Department of Public Health under Article 33 of the Health Code prior to  
22 September 26, 2017, provided that the medical cannabis dispensary was not prohibited by the Planning  
23 Department, the Planning Commission, or the Director of Health from allowing smoking on the  
24 premises;

25 (8) Aquariums, galleries, libraries, and museums;

- 1 (9) Child care facilities, except when located in private homes;
- 2 (10) Facilities used for exhibiting motion pictures, drama, dance, musical
- 3 performance, lectures, or other entertainment;
- 4 (11) Sports arenas; provided, however, that sSubsection (b) shall govern sports
- 5 stadiums as defined in that subsection;
- 6 (12) Convention facilities;
- 7 (13) Restaurants, ~~except that smoking will be allowed in outdoor and sidewalk dining~~
- 8 ~~areas of restaurants until six months after the effective date of this ordinance;~~
- 9 (14) Bars and Taverns, except for historically compliant semi-enclosed smoking
- 10 rooms, the portion of an outdoor patio at least ~~ten~~10 feet away from the entry, exit, or operable
- 11 window of the bar or tavern, or as specified in Sections 1009.23(c) or 1009.23(d);
- 12 (15) Tourist Lodging Facilities;
- 13 (16) Homeless Shelters, including, but not limited to, the sleeping areas of
- 14 those buildings;
- 15 (17) Tobacco Shops, except as specified in Section 1009.23(e);
- 16 (18) Facilities used to conduct charity bingo games pursuant to California Penal
- 17 Code Section 326.5, during such times that persons are assembled in the facility in
- 18 connection with such games; and,
- 19 (19) Farmers Markets, whether on public or private property.

20 \* \* \* \*

21

22 **SEC. 1009.23. EXCEPTIONS.**

23 The following places shall not be subject to this Article 19F:

24 \* \* \* \*

25

1           (f) Medicinal Cannabis Retailers permitted by the Office of Cannabis under Article 16 of the  
2 Police Code that submit to the Director all documents required by the Director to demonstrate that the  
3 Medicinal Cannabis Retailer: previously held a valid permit to operate a Medical Cannabis  
4 Dispensary, issued by the Director under Article 33 of the Health Code prior to September 26, 2017;  
5 was not prohibited by the Planning Department or the Planning Commission from allowing smoking on  
6 the premises of the Medical Cannabis Dispensary; and meets such ventilation standards as may be  
7 established by the Director to protect the health and safety of the Medicinal Cannabis Retailer's  
8 employees, neighbors, and customers.

9           (1) A Medicinal Cannabis Retailer that qualifies for an exemption under this subsection  
10 (f) may allow the smoking of medicinal cannabis in such indoor area(s) within its premises as may be  
11 approved by the Director, but may not allow the smoking of tobacco products or adult use cannabis.

12           (2) A Medicinal Cannabis Retailer that seeks to allow the smoking of medicinal  
13 cannabis on its premises pursuant to this subsection (f) shall have three months from the date of receipt  
14 of its Cannabis Business Permit to demonstrate compliance with the ventilation standards established  
15 by the Director.

16           (3) This exemption is nontransferable and immediately expires if any of the following  
17 occur:

18                   (A) There is a change in the ownership interest(s) in the Medicinal Cannabis  
19 Retailer, meaning the aggregate change of 50% or more of the ownership of the business;

20                   (B) There are structural alterations made to the area where smoking is approved  
21 that are not approved by the Director;

22                   (C) The Medicinal Cannabis Retailer is no longer located in the original  
23 permitted commercial building; or

1 (D) The Medicinal Cannabis Retailer is found to have permitted smoking of  
2 tobacco or nicotine products or adult use cannabis, or to have allowed the smoking of medicinal  
3 cannabis in places or by persons not authorized by the Director.

4  
5 Section 6. Article 33 of the Health Code is hereby amended by revising Sections 3301  
6 and 3308, and adding new Sections 3322 and 3323, to read as follows:

7  
8 **SEC. 3301. DEFINITIONS.**

9 For the purposes of this Article 33:

10 \* \* \* \*

11 (f) "Medical cannabis dispensary" means a cooperative or collective of ten or more  
12 qualified patients or primary caregivers that facilitates the lawful cultivation and distribution of  
13 cannabis for medical purposes and operates not for profit, consistent with California Health &  
14 Safety Code Sections 11362.5 et seq., with the Guidelines for the Security and Non-diversion  
15 of Marijuana Grown for Medical Use issued by the California Attorney General in August  
16 2008, and with this ordinance. A cooperative or collective shall be deemed to be of 10 or more  
17 qualified patients or primary caregivers if it distributes cannabis to more than 10 persons during any  
18 consecutive 30-day period. A cooperative must be organized and registered as a Consumer  
19 Cooperative Corporation under the Corporations Code, Sections 12300, et seq., or a  
20 Nonprofit Cooperative Association under the Food and Agricultural Code, Sections 54002, et  
21 seq. A collective may be organized as a corporation, partnership, or other legal entity under  
22 state law but must be jointly owned and operated by its members. As set forth in Section  
23 3308(q), a medical cannabis dispensary may purchase or obtain cannabis only from members  
24 of the cooperative or collective and may sell or distribute cannabis only to members of the  
25 cooperative or collective. As set forth in Section 3308(c), a medical cannabis dispensary may

1 operate only on a not\_for\_profit basis and pay only reasonable compensation to itself and its  
2 members and pay only reasonable out-of-pocket expenses.

3 \* \* \* \*

4  
5 **SEC. 3308. OPERATING REQUIREMENTS FOR MEDICAL CANNABIS**  
6 **DISPENSARY.**

7 \* \* \* \*

8 (bb) A medical cannabis dispensary must be operated from a fixed place of business. It may  
9 not be operated out of a bus, truck, car, van, or any other mobile location or location that is capable of  
10 being mobile.

11  
12 **SEC. 3322. TRANSITION PROVISION.**

13 (a) Notwithstanding any provision in this Article 33, starting January 1, 2018, a person may  
14 not file and the Department of Public Health may not accept an application for a medical cannabis  
15 dispensary permit.

16 (b) Notwithstanding any provision in this Article 33, starting April 1, 2018, a medical cannabis  
17 dispensary is not authorized by this Article 33 to engage in the cultivation of cannabis.

18 (c) For purposes of Section 26050.1 of the California Business and Professions Code, a valid  
19 medical cannabis dispensary permit shall serve as a valid license, permit, or other authorization to  
20 engage in the retail sale of medicinal cannabis and medicinal cannabis products at the permitted  
21 location, but shall not serve as a valid license, permit, or other authorization to engage in the retail  
22 sale of adult use cannabis or cannabis products, or the commercial cultivation of cannabis of any kind.

23  
24 **SEC. 3323. SUNSET PROVISION.**  
25

1           This Article 33 shall expire by operation of law on December 31, 2018, at which time all  
2 permits authorizing the operation of a Medical Cannabis Dispensary issued under this Article 33 shall  
3 be rendered invalid. Upon expiration of the Article, the City Attorney shall cause it to be removed from  
4 the Health Code.

5  
6           Section 7. The Business and Tax Regulations Code is hereby amended by revising  
7 Article 1, Sections 1 and 1.77, to read as follows:

8  
9           **SEC. 1. DESIGNATING DEPARTMENTS FOR ISSUANCE OF PERMITS.**

10           Permits shall be issued for the location and conduct of the businesses, enterprises, or  
11 activities, enumerated hereinafter in Sections 1.1 to 1.767, inclusive, by the department or  
12 office authorized by Sections 1.1 to 1.767, inclusive, and Section 2 of this Article 1 to issue  
13 each such class of permit, and subject to the approval of other departments and offices of the  
14 City and County, where specifically designated in any such case; provided that permit or  
15 license fees as required by ordinance shall be collected by the Tax Collector as provided in  
16 Section 3 of this Article.

17           \* \* \* \*

18  
19           **SEC. 1.77. ~~MEDICAL CANNABIS BUSINESSES~~ DISPENSARIES.**

20           For the establishment, maintenance, and operation of ~~medical cannabis dispensaries~~ by  
21 the Department of Public Health Cannabis Businesses by the Office of Cannabis.

22  
23           Section 8. The Administrative Code is hereby amended by revising Section 96B.7, to  
24 read as follows:



1           **SEC. 96B.7. MARIJUANACANNABIS POLICY REFORM.**

2           (a)—It shall be the policy of the City and County of San Francisco to support policies to  
3 tax and regulate marijuanacannabis for adults.

4           (b) ~~Beginning three months after the effective date of this Ordinance and continuing annually~~  
5 ~~thereafter, the Clerk of the Board of Supervisors shall send letters to Governor of California, the~~  
6 ~~President of the United States, and all elected officials representing San Franciscans in the U.S. House~~  
7 ~~of Representatives, the U.S. Senate, the California Assembly and the California Senate. The letters shall~~  
8 ~~state, "The Board of Supervisors of the City and County of San Francisco has passed an ordinance to~~  
9 ~~deprioritize marijuana offenses by adults, and requests that the Federal and California State~~  
10 ~~governments take immediate steps to tax and regulate marijuana use, cultivation, and distribution and~~  
11 ~~to authorize State and local communities to do the same." The Clerk shall send this letter annually until~~  
12 ~~State and Federal laws are changed accordingly.~~

13  
14           Section 9. Renumbering of Police Code Article 23 Sections. Existing Sections 1600-  
15 1618 of Article 23 of the Police Code shall be renumbered as new Sections 2300-2318,  
16 respectively, and any cross-references in the Municipal Code to existing Sections 1600-1618  
17  
18  
19  
20  
21  
22  
23  
24  
25

1 shall be renumbered accordingly. These changes are not made for any substantive reason  
2 and shall have no substantive effect. The City Attorney shall direct the publisher of the  
3 Municipal Code to take all appropriate steps to effectuate this provision.  
4

5 Section 10. Effective Date. This ordinance shall become effective 30 days after  
6 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
7 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
8 of Supervisors overrides the Mayor's veto of the ordinance.  
9

10 Section 11. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
11 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
12 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
13 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
14 additions, and Board amendment deletions in accordance with the "Note" that appears under  
15 the official title of the ordinance.  
16

17 APPROVED AS TO FORM:  
18 DENNIS J. HERRERA, City Attorney

19 By: 

20 Anne Pearson  
Deputy City Attorney

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22  
23  
24  
25

**REVISED LEGISLATIVE DIGEST**  
(Substituted, 10/24/17)

[Various Codes - Regulation of Cannabis Businesses]

**Ordinance amending the Administrative, Business and Tax Regulations, Health, and Police Codes to comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis by, among other things: 1) requiring businesses that engage in commercial cannabis activities to obtain a permit from the Office of Cannabis; 2) requiring the Director of the Office of Cannabis to establish an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry; 3) defining eligibility for temporary and permanent cannabis business permits; 4) establishing priorities for the review of cannabis business permit applications; 5) establishing operating standards for cannabis businesses; 6) establishing criteria for granting, denying, suspending, and revoking cannabis business permits; 7) incorporating state law governing commercial cannabis activities into local law for enforcement purposes; 8) authorizing the imposition of fines and penalties for violation of local and state laws governing cannabis businesses, and establishing procedures by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the smoking and vaping of cannabis on the premises of all cannabis businesses, except select Medicinal Cannabis Retailers, as authorized by the Department of Public Health; 10) prohibiting the consumption of cannabis and cannabis products, other than by smoking or vaping, on the premises of all cannabis businesses, except Storefront Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing the Director of Cannabis to extend the prohibition on tours, or establish guidelines for the operation of tours; 12) prohibiting the acceptance of new applications for medical cannabis dispensary permits, starting January 1, 2018; 13) prohibiting medical cannabis dispensaries from cultivating cannabis under the authority of a medical cannabis dispensary permit, starting April 1, 2018; 14) establishing a sunset date of December 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); and 15) eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to state and federal officials requesting that cannabis be regulated and taxed; and affirming the Planning Department's determination under the California Environmental Quality Act.**

Existing Law

On October 9, 2015, Governor Brown signed into law the Medical Marijuana Regulation and Safety Act ("MMRSA"), effective January 1, 2016, which established a comprehensive state licensing and regulatory framework for the cultivation, manufacturing, testing, distribution, transportation, dispensing, and delivery of medicinal cannabis, and which recognized the

authority of local jurisdictions to prohibit or impose additional restrictions on commercial activities relating to medicinal cannabis. MMRSA was later renamed the Medical Cannabis Regulation and Safety Act ("MCRSA").

On November 8, 2016, the voters of California approved Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA), which decriminalized the nonmedicinal use of cannabis by adults 21 years of age and older, created a state regulatory, licensing, and taxation system for non-medicinal cannabis businesses, and reduced penalties for marijuana-related crimes.

On June 27, 2017, Governor Brown signed into law the Medicinal and Adult-Use Cannabis Regulations and Safety Act (MAUCRSA), which reconciled MCRSA and Proposition 64, and established a unified state regulatory scheme for commercial activities relating to both medicinal and adult use cannabis. Under MAUCRSA, businesses that engage in commercial cannabis activities will be required to obtain a state cannabis license and comply with strict operating conditions. MAUCRSA requires that state agencies begin issuing state cannabis business licenses by January 1, 2018.

Under MAUCRSA, local jurisdictions may adopt and enforce ordinances to further regulate cannabis businesses, including but not limited to zoning and permitting requirements.

Article 33 of the San Francisco Health Code, adopted in 2005, regulates medical cannabis, and authorizes the San Francisco Department of Public Health to oversee the permitting of medical cannabis dispensaries. Medical cannabis dispensaries are cooperatives or collectives of ten or more qualified patients or caregivers that facilitate the lawful cultivation and distribution of cannabis for medical purposes. Medical cannabis dispensaries may not sell cannabis to individuals who are not members of the collective, and may not sell or cultivate non-medical cannabis.

Currently, there is no City law that authorizes and regulates commercial activities relating to non-medical cannabis. There is also no City law that authorizes and regulates the commercial manufacture, testing, or distribution of cannabis.

Article XXVI of the Administrative Code establishes an Office of Cannabis under the direction of the City Administrator, and authorizes the Director of the Office of Cannabis to issue permits to cannabis-related businesses, and to collect permit application and annual license fees following the enactment of a subsequent ordinance establishing the amounts of those fees.

#### Amendments to Current Law

The proposed ordinance would authorize and comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis. The new regulatory scheme would complement and then replace Article 33 of the Health Code, which would sunset on December 31, 2018.

The ordinance requires the Director of the Office of Cannabis (“Director”), in consultation with the Human Rights Commission, to develop an Equity Program designed to foster equitable access to participation in the cannabis industry, including equitable access to promotional and ownership opportunities in the industry. The Equity Program will offer priority permit processing and technical assistance to applicants who meet Equity Criteria (“Equity Applicants”) adopted by the Director.

Under the proposed ordinance, the Office of Cannabis would make available the following cannabis business permits:

- Cannabis Cultivation Facility;
- Cannabis Manufacturing Facility;
- Cannabis Testing Facility;
- Cannabis Distributor;
- Cannabis Microbusiness;
- Medicinal Cannabis Retailer;
- Cannabis Retailer; and
- Delivery-Only Cannabis Retailer.

Businesses that are awarded a local cannabis business permit would be required to apply for and receive a state cannabis license in order to operate. With the exception of Medicinal Cannabis Retailers, all other business permit categories would authorize permittees to engage in commercial activities relating to both medicinal and adult use cannabis, provided that the permittee applies for and receives state licenses authorizing those activities.

The proposed ordinance would establish a process by which businesses will transition into the new regulatory scheme. Businesses that currently hold a medical cannabis dispensary (“MCD”) permit issued by the Department of Public Health under the authority of Article 33 of the Health Code would be allowed to continue operating under the terms of that permit until they apply for and receive a new cannabis business permit from the Office of Cannabis, or until Article 33 sunsets on December 31, 2018, whichever occurs first. During their continued operation, MCDs would be required to apply for and obtain a state cannabis license and apply for a local cannabis business permit, once the Office of Cannabis releases applications for those permits.

In addition, the proposed ordinance would amend Article 33 of the Health Code to provide that: 1) starting on January 1, 2018, the Department of Public Health will no longer accept applications for MCD permits; and 2) starting on April 1, 2018, MCDs will no longer be authorized by Article 33 to engage in the cultivation of cannabis.

Businesses that have already applied for an MCD permit but that have not yet received a determination from the Department of Public Health would be able to continue the MCD permit application process.

Businesses that intend to apply for any permit category other than a Medicinal Cannabis Retailer or a Cannabis Retailer (collectively, "Storefront Cannabis Retailers") would be required to register with the Office of Cannabis. The registration process would allow the Office of Cannabis to determine: how many businesses are interested in operating within the City; whether any existing businesses pose immediate threats to health or safety; and how the City may work with businesses to eliminate those threats. Businesses that complete the registration process would be allowed to apply for a temporary medicinal cannabis business permit, which may be awarded to applicants that demonstrate to the Office of Cannabis that they have been engaged in commercial cannabis activities, have undergone inspections, meet applicable interim health and safety standards, and have provided all information required by the Director. Temporary permits would authorize businesses to engage in commercial activities relating to medicinal cannabis only; temporary permits would not allow the permit holders to engage in activities relating to adult use cannabis.

Lastly, the proposed ordinance would allow businesses to apply for "permanent" cannabis business permits, which will authorize activities relating to both medicinal and adult use cannabis. The Office of Cannabis will not make "permanent" cannabis business permits available until the Equity Program is established. In 2018, the only businesses that will be eligible to receive permanent cannabis business permits will be:

- Equity applicants;
- Permitted MCDs;
- Temporary Medicinal Cannabis Business permit holders;
- Businesses that were operating in compliance with the Compassionate Use Act of 1996 that were forced to discontinue operations as a result of federal prosecution or threat of prosecution; and
- Businesses that applied for an MCD permit prior to September 26, 2017 that required referral to and approval by the Planning Commission.

The proposed ordinance specifies the information that applicants will need to provide to the Office of Cannabis when applying for each type of license, and the eligibility criteria for each permit category. It also specifies the operating standards applicable to each type of cannabis business.

Among the operating standards are the following:

- Cannabis businesses may not permit entry onto their premises to persons who are underage, and must confirm that a Customer is not underage before selling cannabis or cannabis products.
- The smoking and vaping of cannabis will be prohibited on the premises of all cannabis businesses, except MCDs that have authorization to allow smoking and vaping, and Medicinal Cannabis Retailers that: 1) previously held a permit to operate as a Medical Cannabis Dispensary that was issued by the Director of Health prior to September 26, 2017; 2) were not prohibited by the Planning Department or the Planning Commission

from allowing smoking on-site; and 3) demonstrate compliance with ventilation standards to be adopted by the Department of Public Health.

- The consumption of cannabis and cannabis products, other than by smoking or vaping, will be prohibited on the premises of all cannabis businesses except those Storefront Cannabis Retailers and Cannabis Microbusinesses that receive a cannabis consumption permit from the Department of Public Health. There will be two types of consumption permits: one permit category will allow the consumption of pre-packaged cannabis products only, and a second permit category will allow limited preparation of cannabis products.
- In 2018, tours of cannabis businesses other than Storefront Cannabis Retailers will be prohibited. By January 1, 2019, the Director will determine whether to extend the prohibition on tours, or allow tours of Cannabis Manufacturing Facilities, Cannabis Cultivation Facilities, and Cannabis Microbusinesses, subject to limitations he or she may adopt by regulation.
- Permitted Cannabis Storefront Retailers will require express authorization from the Director to deliver cannabis and cannabis products to customers. Where deliveries are authorized, they must be made by employees of the permitted business using a commercial vehicle, and subject to strict reporting requirements.
- Cannabis Manufacturers will be prohibited from manufacturing non-cannabis products.

Permitted cannabis businesses that are found to have violated the proposed ordinance, its implementing regulations, or the conditions of a permit issued as a condition of operating a cannabis business, shall be subject to administrative penalties, civil penalties, permit suspensions, and permit revocations. Appeals of administrative penalties, permit suspensions and permit revocations may be made to a hearing officer. Appeals of all permitting decisions also may be made to the Board of Appeals.

The ordinance would authorize the Director to adopt rules, regulations, or guidelines for the implementation of the ordinance.

#### Background Information

In 2015, the City enacted Ordinance No. 115-15, creating the San Francisco Cannabis State Legalization Task Force ("the Task Force") to advise the Board of Supervisors, the Mayor, and other City departments on matters relating to the potential legalization of non-medical cannabis. In December 2016, the Task Force submitted its Year I Report, and made recommendations related to Public Safety and Social Environment, Land Use and Social Justice, and Regulation and City Agency Framework for the City's policymakers to consider.

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**SAN  
FRANCISCO  
CHAMBER OF  
COMMERCE**

October 18, 2017

Mr. Rich Hills  
President, San Francisco Planning Commission  
1650 Mission Street, Suite 400  
San Francisco, CA 94103

RE: Cannabis Regulations 2017-010365PCA

Dear President Hills:

The San Francisco Chamber of Commerce, representing over 2,500 local businesses from throughout the city, is writing to urge the Planning Commission to consider a number of issues arising out of the current drafts of both the Planning Code and Police Code amendments regarding the regulation of adult-use cannabis.

While we recognize the huge effort that has gone into the draft legislation and, until very recently, a lack of timely and clear direction from the State of California, the Chamber believes the legislation as drafted is problematic for existing local cannabis businesses, unnecessarily delays reasonable access to cannabis for adult use and will not meet the expectations of the influx of visitors to the city seeking cannabis. As was stated in a recent letter to the Commission by the California Music and Culture Association (CMAC); "San Francisco should have a clear plan to ensure that come January 1, 2018, consumers will have safe and regulated options for adult-use cannabis."

We urge the Planning Commission to recommend the following changes to the draft legislation:

- 1) Any transition provisions impacting current medical dispensary permits should be drafted to ensure that the issuance of temporary permits is a ministerial and not discretionary action by city government. To do otherwise, puts at risk the continued operation of lawfully operating businesses.
- 2) Zoning laws must recognize that much of the cannabis industry is comprised of small businesses, operating "below the radar" in locations that current ordinances or the draft legislation do not authorize for such uses. These "cottage businesses" may actually co-exist in some, if not all neighborhoods, and the Planning Commission should consider a "non-conforming use" process for these locations.



- 3) New permits under the yet to be drafted equity program, should include the right of existing small businesses to apply for such permits.
- 4) Rather than prohibiting existing medical cannabis dispensaries from selling adult-use cannabis in January of 2018, the draft legislation should specifically allow such businesses to receive a temporary business permit to sell cannabis products as anticipated under Proposition 64. These handful of local businesses should be encouraged to meet the demand for what will be a legal product next year.
- 5) While the buffering of cannabis retail uses to minimize impacts in neighborhood commercial districts is an appropriate legislative objective, using a 300 foot radius standard may not be the best solution. Your staff has recommended a number of alternative mechanisms. The "orbit option" set forth in the staff report is worthy of serious consideration by the Commission and Board of Supervisors.
- 6) The draft legislation makes consumption, especially by visitors, almost impossible. Again, as was pointed out the CMAC letter of October 16, the city needs to loosen restrictions on consumption at licensed premises and create a consumption-only and special event permit. In addition, accessory use permits must be developed both for sale and consumption of cannabis.
- 7) The draft legislation restricts the delivery of cannabis to businesses that are only located within San Francisco. On our initial read, this restriction may violate the commerce clause of the U.S. Constitution. Additionally, if followed by other communities, it may prevent San Francisco-based businesses from delivering into adjacent cities and counties, which is a disservice to our local businesses. It appears that the solution is permitting and business licensing, not a ban.

The San Francisco Chamber of Commerce looks forward to working with the Commission, the Board of Supervisors, city departments and the cannabis industry to insure we meet the expectations of our residents and visitors for the safe, lawful and timely implementation of state law for the adult use of cannabis and establishment of related businesses in San Francisco.

Sincerely,



Jim Lazarus  
Senior Vice President of Public Policy

cc. Each member of the Planning Commission, clerk of the Board of Supervisors, to be distributed to all Supervisors, Mayor Ed Lee, Nicole Elliott

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.<sup>1</sup> 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

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<sup>1</sup> See San Francisco Health Code § 19H.4(f)(3).

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.
- **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 - [sara@sarapayan.com](mailto:sara@sarapayan.com)  
Terrance Alan, Seat #19 & Chair - [terrance@sequelmedia.com](mailto:terrance@sequelmedia.com)  
Jennifer Garcia, Seat #20 & Co-chair - [jen.garcia7@yahoo.com](mailto:jen.garcia7@yahoo.com)  
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Note: NL = Not Legislated

#	Recommendation	Included	Rationale	
<b>Recommendation Category 1: Public Safety and Social Environment (PSSE)</b>				
<b>Recommendation Sub-Category: Public Safety</b>				
Driving Under the Influence (DUI)	1	Local policy guidelines for driving under the influence should be developed that are based on behavior testing until science-based testing exists.	NL	
	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.	NL	
	3	San Francisco should develop and implement a city-wide DUI public awareness campaign.	NL	DPH is in the process of crafting a public awareness campaign that will include education around driving under the influence, per the Mayor's request via the November 9, 2016 Executive Directive.
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.	Yes	Good Neighborhood Policies are contemplated in the legislation and applicants are required to agree to them as part of the application process. The proposed standards are the following: (i) Provide to residential and commercial neighbors located within 50 feet of the Cannabis Business the name, phone number, and email address of an onsite community relations staff person who may be contacted concerning any problems associated with operation of the establishment; (ii) Maintain the Premises, adjacent sidewalk and/or alley, and associated parking areas in good condition at all times; (iii) Prohibit loitering in or around the Premises, and post notifications on the Premises advising persons of this prohibition.
	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.	Yes	Operating standards contemplated will require cannabis businesses to ensure their space and the space surrounding their establishment is secure, remains free of litter, and is lit in a manner that supports public safety.
San Francisco Police Department (SFPD)		Three top considerations for the San Francisco Police Department (SFPD) when it is developing its criminal enforcement and training strategies are:	NL	

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	#	Recommendation	Included	Rationale
Enforcement and Training Priorities	6	a) Strategies must represent community sensitivities and be developed together with parents or an agent of family representation;	NL	
		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;	NL	
		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.	NL	

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	# Recommendation	Included	Rationale
<b>Recommendation Sub-Category: Public Consumption</b>			
Meaning of the Word "public"	<p style="text-align: center;">7</p> <p>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.</p>	No	<p>The California Health and Safety Code states that the smoking of cannabis or cannabis products is prohibited in any location where the smoking of tobacco is prohibited. San Francisco has been a leader in ensuring that everyone has the right to clean air and is not exposed to second hand smoke. San Francisco's policymakers have passed local ordinances that include the prohibition of smoking of tobacco or any other weed or plant products in public areas such as parks, recreation areas and at certain outdoor events. As with the smoking of tobacco, passive exposure to marijuana smoke among children, nonsmokers, and people who work in cannabis businesses is a concern, and the City is committed to maintaining its progressive clean air laws. Therefore, this legislation does not propose allowing smoking/vaping in public places, except at medical cannabis dispensaries that received a prior smoking-area designation from the Planning Department.</p>
	<p style="text-align: center;">8</p> <p>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.</p>	Partial	<p>Under California and San Francisco law, the smoking of tobacco is not allowed in any place of employment, with a limited number of exceptions. Under the proposed legislation, a permitted medical cannabis dispensary with a prior smoking-area designation from the Planning Department will be allowed to maintain its smoking/vaping onsite location for medical use only. Beyond that, smoking/vaping is not proposed to be allowed at other commercial cannabis locations in the City. Note also that the proposed legislation requires such dispensaries to meet ventilation guidelines that will be developed by the Health Department.</p>
	<p style="text-align: center;">9</p> <p>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.</p>	No	<p>Further clarification is not being sought by the City on this issue at this time.</p>



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	#	Recommendation	Included	Rationale
On-site Consumption per Proposition 64	10	San Francisco should allow on-site consumption at cannabis retail locations.	Partial	Under the proposed legislation, the City will allow on-site consumption of edible cannabis products. The Department of Public Health will issue a separate permit to cannabis retailers that wish to allow onsite consumption of edible products, and rules and regulations to that effect will be forthcoming. Note that under the proposed legislation, the definition of consumption does not include smoking/vaping. A permitted medical cannabis dispensary with a prior smoking-area designation from the Planning Department will be allowed to maintain its smoking/vaping onsite location for medical use only. Beyond that, smoking/vaping is not proposed to be allowed at other commercial cannabis locations in the City.
	11	San Francisco's on-site consumption requirements should not be stricter than those outlined in Proposition 64.	Partial	Under the law, The Department of Public Health will develop rules and regulations governing the on-site consumption permit. These rules and regulations will incorporate whatever consumption allowances the State will provide for in its emergency regulations, to be released in November, 2017.
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.	Yes	The Department of Public Health is actively developing a public awareness campaign focused on driving under the influence and youth access and exposure. DPH will aim to include a variety of perspectives in developing and implementing this campaign.
<b>Recommendation Sub-Category: Youth Access and Exposure</b>				
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.	NL	
	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.	NL	
	15	Proposition 64 funding for student-focused cannabis education programs should also capture children outside of the SFUSD system.	NL	

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	#	Recommendation	Included	Rationale
	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.	NL	
	17	The State should vest decisions regarding student education implementation and funding criteria solely in the counties.	NL	
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.	NL	The Health Department is conducting a health impact assessment that draws together evidence from multiple sources to better understand the potential health impacts from legalization in San Francisco, especially with regard to youth access and exposure. The Health Department will continue to collaborate with research experts to monitor the impact of cannabis legalization on minors
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.	Yes	State cannabis related advertising restrictions prohibit cannabis advertising within 1,000 feet of schools, playgrounds, youth centers, or day care centers. State law also prohibits advertising to occur in a manner intended to encourage persons under 21 years of age to consume cannabis or cannabis products. The City will work with the state, regional and local partners to develop any necessary and appropriate policies regarding monitoring of advertising to minors.
	20	The San Francisco City Attorney should conduct research regarding the free speech limits to regulating cannabis advertising at the local level.	NL	
	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.	NL	
	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.	NL	The City will work with the state, regional and local partners, including local agencies that provide access to advertising opportunities, to develop any necessary and appropriate policies regarding monitoring of advertising to minors.

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	#	Recommendation	Included	Rationale
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.	NL	
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.	NL	
	25	San Francisco should develop policies to protect youth, e.g. develop clearly labeled packaging requirements to prevent accidental cannabis consumption by youth.	Yes	The legislation mirrors state requirements that all items sold must be in a child resistant container and placed in an opaque package when transported off a permitted premises.
<b>Recommendation Sub-Category: Tourism/Hospitality</b>				
San Francisco Cannabis Culture		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		
	26	a) Allow cannabis consumption indoors to prevent unintended exposure	Yes	Under the proposed legislation, the Department of Public Health will issue separate permits to cannabis retailers that wish to allow onsite consumption of edible cannabis products, and rules and regulations to that effect will be forthcoming. Tourists would be able to access such spaces for consumption purposes. A permitted medical cannabis dispensary with a prior smoking-area designation from the Planning Department will be allowed to maintain its smoking/vaping onsite location for medical use only. Beyond that, smoking/vaping is not proposed to be allowed at other commercial cannabis locations in the City.
		b) Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street	Yes	The legislation allows for consumption of cannabis at retail locations that obtain an onsite consumption permit from DPH, and such consumption locations may not be visible from any public place or non-age restricted area.

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	#	Recommendation	Included	Rationale
		c) Collaborate with tourism/hospitality stakeholders to provide tourists with educational materials and information about safe access and consumption of adult use cannabis.	Yes	The legislation requires distribution of a Responsible Consumption Fact Sheet at the point of sale, the content of which will be created by DPH. Moreover, the Office of Cannabis is working with SF Travel and the Chamber to develop information for tourism/hospitality to remain educated on the status of adult-use cannabis as well as responsible consumption, etc.
	27	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.	No	This legislation does not create a pathway for the Department of Public Health to permit consumption in any space other than cannabis retail.
	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 other food establishments. Strategies could include:		
		a) Developing, proposing and pursuing a state legislative approach that would create an exemption for these types of culinary experiences.	NL	Noted, and will review with the Mayor's Office to inform the City's 2018 state legislative agenda.
		b) Development of a patron notification process for any food establishment offering these opportunities	NL	
		c) Development of mechanisms to determine the appropriate distribution of cannabis-friendly dining venues throughout the City.	NL	
Tourist and Resident Experiences		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:		

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#	Recommendation	Included	Rationale
29	a) promote safe cannabis consumption	Yes	The legislation requires distribution of a Fact Sheet related to safe consumption by retailers at the point of sale, the content of which will be created by DPH. DPH is also in the process of developing and implementing a public awareness campaign. The Office of Cannabis is also working with SF Travel and the Chamber to develop information for tourism/hospitality entities to remain educated on the status of adult-use cannabis as well as responsible consumption, etc.
	b) provide information on different product types and their physiological effects, and	Yes	The legislation requires distribution of a Fact Sheet related to safe consumption by retailers at the point of sale, the content of which will be created by DPH. DPH is also in the process of developing and implementing a public awareness campaign. The Office of Cannabis is also working with SF Travel and the Chamber to develop information for tourism/hospitality entities to remain educated on the status of adult-use cannabis as well as responsible consumption, etc.
	c) outline strategies to identify and manage overconsumption.	Yes	The legislation requires distribution of a Fact Sheet related to safe consumption by retailers at the point of sale, the content of which will be created by DPH. DPH is also in the process of developing and implementing a public awareness campaign. The Office of Cannabis is also working with SF Travel and the Chamber to develop information for tourism/hospitality entities to remain educated on the status of adult-use cannabis as well as responsible consumption, etc.
	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.	Yes	While DPH is providing the content for the required Responsible Consumption Fact Sheet, the City can translate this and can have it available in multiple languages for distribution at the point of sale and on the Office of Cannabis website. A general FAQ sheet will also be translated into all languages mandated through the Language Access Ordinance.
30	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.	Yes	While LEAD is a good model to provide baseline education for employees regarding the laws and regulations they are required to be aware of and to follow, the City is not aware of existing education related to retail cannabis service. The Office of Cannabis would be happy to partner with city agencies and other stakeholders to identify models and to ultimately ensure appropriate training occurs so that employers and employees understand best practices related to responsible service of cannabis and cannabis products.

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#	Recommendation	Included	Rationale
<b>Recommendation Category 2: Land Use and Social Justice (LUSJ)</b>			
#	Recommendation		
<b>Recommendation Sub-Category: Land Use</b>			
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.	Yes  The legislation contemplates non-retail permits for cultivation, manufacturing, testing and distribution and incorporates analogous land use controls for these activities.
	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.).	Yes  The legislation does not apply sensitive use controls to all self-contained/totally enclosed permit types: cultivation, manufacturing, testing, distribution and nonstorefront retail.
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.	Yes  Specifically, the following text is included: "With respect to any application for the establishment of a new Cannabis Retail Use, in addition to the criteria set forth in subsections (c) and (d) above, the Commission shall consider the geographic distribution of Cannabis Retail Uses throughout the City, the balance of other goods and services available within the general proximity of the proposed Cannabis Retail Use, any increase in youth access and exposure to cannabis at nearby facilities that primarily serve youth, and any proposed measures to counterbalance any such increase."
	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.	Partial  The required minimum distance would be 600', which is 400' less than presently required for MCDs. The ordinance reduces proximity to some sensitive uses.
		San Francisco should also measure this distance with a "path of travel" approach rather than a straight line, parcel to parcel measurement.	No  Straight-line measurement would continue to be used; other methodologies are far too ambiguous and would present uncertainty and controversy for cannabis retailers and neighbors alike.
		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:	

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5	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	Yes	The existing Pre-Application Requirements would apply to all MCDs in NC Districts
	b) Strategies to prevent clustering (as discussed below)	Yes	A 300' clustering requirement would be created
	c) Considerations for proximity to sensitive uses (as discussed below)	Yes	A clear 600' minimum requirement only from schools would be established
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.	Yes	As above, sensitive uses would be refined to only include schools and the present 1,000' minimum separation would be reduced to 600', thereby allowing a greater range of geography in which cannabis businesses could seek permission to operate.
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.	Yes	NC Districts would generally require CU; Mixed-Use Districts would generally require neighborhood notice; Downtown Districts would generally be as-of-right.
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.	Yes	A cannabis businesses could not locate within 300' of another such business.
	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.	Partial	While the minimum clustering distance is the same throughout the City, CU criteria applicable in NC districts require that the Commission consider additional adjacencies and other factors such that a higher level of scrutiny would apply.

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	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.	Yes	In the proposed ordinance, Cannabis Retail and MCDs are subject to Formula Retail controls.
	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.	Yes	In areas with floor-by-floor zoning controls, cannabis businesses would be allowed on the basement, ground, and 2nd levels. In other areas where allowed, cannabis businesses would be allowed on all levels.
	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.	Yes	The proposed legislation prioritizes applications from operators who were in good standing with the City but were forced to close due to federal intervention/enforcement.
	12	San Francisco should align regulations for adult use cannabis retail signage on store fronts with regulations for other retail businesses.	Yes	Specific cannabis retail signage provisions are not proposed in the Planning Code changes.
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.	Partial	Retailers would be required to retain medical as a use, therefore, their ADA requirements remain just as stringent as those of 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.	Yes	The proposed land use controls do provide a way for existing MCD to convert to CRs. The provision exempts existing MCDs from more restrictive clustering provisions, and exempts them from obtaining Conditional Use Authorization.

**Recommendation Sub-Category: Social Justice/Workforce Development**



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	#	Recommendation	Included	Rationale
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	NL	San Francisco Workforce does this for other sectors and will lead initiatives to incorporate cannabis occupations into this approach. Once certification and licensing standards for employees are established, workforce will work to prepare people towards achieving industry-recognized credentials.
	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.	Yes	The legislation does not contemplate stricter eligibility requirements than the state, notably around conviction history review. The legislation directs the Office of Cannabis to make every effort to coordinate conviction history review with the state so both local and state eligibility is defined at the beginning of the permitting process. Also, by implementing First Source standards, businesses will have direct access to a pipeline of qualified but oftentimes disadvantaged candidates that include people whom have interacted with the criminal justice system.
	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.	Yes	The legislation contemplates requiring participation in the First Source Hiring Program for all permanent permit holders, meaning businesses would post any new entry-level positions with San Francisco's workforce system before posting those positions publicly (i.e. their website, linked in, craigslist, monster, etc.). As a good faith effort (as opposed to a mandate) First Source ensures that participating businesses consider qualified San Francisco residents whom have sought out workforce services before they begin recruiting for candidates through more traditional hiring practices that may lead to under representation by low-income or disadvantaged San Franciscans. First source has proven to be a valuable tool for local businesses in gaining access to a screened pool of qualified candidates for entry-level positions.
	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.	Yes	As mentioned earlier, San Francisco Workforce does do this for other sectors and will incorporate cannabis occupations into this approach.

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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.	Yes	As mentioned earlier, San Francisco Workforce does do this for other sectors and will incorporate cannabis occupations into this approach.
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.	Partial	While persons under the age of 21 are not eligible to be employed by a commercial cannabis businesses, the San Francisco workforce system includes a Provider exclusively dedicated to formerly incarcerated participants and their unique hiring needs. In addition both our Adult and Young Adult programs see a disproportionate number of participants with criminal backgrounds. These tend to be the people that access workforce services because of the level of difficulty they face when trying to find employment. The workforce system is designed to offer education and training pathways for its participants to qualify for demand occupations. First Source is a proven model for increasing access to job opportunities by participants in the workforce system
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.	NL	The workforce system hosts job fairs regularly and can easily incorporate cannabis employers and opportunities. OEWD's business services team can support communications strategies to increase awareness of the opportunities the industry creates.
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.	Yes	Operators will be required to comply with all local and state safety, wage and labor ordinances. Revisions to the legislation will contemplate including a detailed description of how the applicant will meet all state and local laws related to worker rights and protections.
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.	NL	This could likely align with the City's existing health care sector trainings. Once certification and licensing standards for employees are established, workforce will work to prepare people towards achieving industry-recognized credentials.

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Entrepreneurship Opportunities		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>The legislation pending before the Board of Supervisors proposes that no applications for permanent commercial cannabis activity be made available until an Equity Program has been established. This program is intended to encourage a more equitable and inclusive local industry; and it will be developed and informed by an Equity Access Report due to the Board of Supervisors and the Mayor by November 1, 2017.</p> <p>The Office of Cannabis is working on the Equity Report with the Human Rights Commission and the Controller's Office. The report will present available data on disparities in the cannabis industry based on race, income, economic status, gender, disability, sexual orientation, gender identity, and HIV/AIDS status. It will also include recommendations regarding policy options that could (A) foster equitable access to participation in the industry, including promotion of ownership and stable employment opportunities in the industry (B) invest City tax revenues in economic infrastructure for communities that have historically been disenfranchised, (C) mitigate the adverse effects of drug enforcement policies that have disproportionately impacted those communities, and (D) prioritize individuals who have been previously arrested or convicted for marijuana-related offenses.</p>
	24	a) Consider a prioritized permitting process to help operators reduce initial start-up costs (e.g. subsidized rent while undergoing permitting process)	Partial	The legislation does not currently contemplate reallocation of existing funding for the purpose of subsidizing rent. However, the legislation contemplates giving priority processing to Equity Applicants, a category to be defined by the City this fall. Additional policies to support equity operators will be further defined during the development of the proposed Equity Program.
		b) Creation of grants or other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership	No	This legislation does not currently contemplate the reallocation of existing funding to assist people of color, women, and formerly incarcerated persons from achieving ownership, however, this will be one area the City will seek to address through the creation of an Equity Program this fall.
		c) Equity licensing	Yes	This legislation contemplates only allowing eligible candidates access to applications for a permanent permit to operate once an Equity Program is established. At the time applications are opened, it is proposed that equity applicants receive priority review for permit processing.

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		d) Subsidized permitting and licensing fees	Partial	The Equity Program contemplated includes priority permit processing and technical assistance to applicants who meet Equity Criteria. Subsidized permitting and licensing fees will be contemplated during the development of the Equity Program and may be reviewed when the permit and license fee legislation is before the Board of Supervisors this fall.
		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.	NL	The Office of Economic and Workforce Development will do a survey of all of small business support structures and programs, and this survey should be able to identify which programs cannabis businesses are eligible for today and where there may be any missing pieces. OEWD can then work with the City and State to identify potential funding sources for additional programming that may be needed.
	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	NL	While the federal priorities for the Office of Cannabis will reflect advocacy around changes to federal prohibition to align with state and local law, this legislation does specifically speak to policies related to allowing for city funding for banking services.
Proposition 64 Community Reinvestment Grants	26	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: <ul style="list-style-type: none"> <li>• the educational system</li> <li>• childcare subsidies</li> <li>• services for formerly incarcerated persons and other communities affected by cannabis prohibition</li> <li>• housing</li> <li>• job creation</li> <li>• behavioral health services</li> <li>• criminal record expungement</li> </ul>	NL	The City has engaged with the State on all funding opportunities and will continue to proactively advocate for funding formula and compete for allocations that benefit San Francisco programs and communities.

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	27	San Francisco should encourage cannabis businesses to invest in community benefit agreements that allocate resources to community.	Yes	The legislation proposes requiring a community benefits agreement from all commercial cannabis businesses, which at a minimum requires participation in the City's First Source Program. The legislation also proposes prioritizing permit processing based on the following: (1) Applications from Equity Applicants; (2) Applications that, if awarded a permit, would contribute to the continued access to Medicinal Cannabis for individuals who qualify to use Medicinal Cannabis under California Health & Safety Code Section 11362.5; (3) Applications from Applicants that were operating a Medical Cannabis Dispensary in compliance with the Compassionate Use Act prior to September 1, 2016; (4) Applications that demonstrate a commitment on the part of the Applicant to provide benefits to the surrounding community, including but not limited to workforce opportunities and community benefits contributions; and (5) Applications that, if awarded a permit, would provide for the continued employment of persons in the Cannabis industry.
Social Justice	28	San Francisco should include cultural competency trainings as part of the cannabis workforce development strategy.	NL	While the overall workforce strategy is not legislated through these ordinances, the City can review ways to provide appropriate trainings to employees. The Office of Cannabis seeks to better understand if there is/are a specific cultural need(s) that the Task Force seeks to address through this recommendation.
	29	San Francisco should develop pathways, such as an amnesty program, to encourage existing businesses to transition from the illicit to legal market.	Yes	The City is facilitating a registration process for existing medicinal cannabis businesses not currently permitted under Article 33 of the Health Code. This registration process allows San Francisco cannabis businesses to provide the City with information including: Business Registration Certificate, proof to occupy, location, verifiable date of operation, etc. IF businesses have this information and they are conforming to the Planning Code, the business will be subject to an inspection. If the business passes the inspection and provides the City with all necessary information, the business will be eligible for a temporary permit to operate their medical cannabis business. This temporary permit will authorize them to seek a temporary license from the state beginning Jan 1. 2018.

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#	Recommendation	Included	Rationale
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.	NL	
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.	NL	

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

**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.	Partial	While the proposed legislation offers many types of permits, it does not allow for all activities allowed by the state such as nurseries and outdoor agriculture. All local applicants, except retail applicants, are not required to apply for an "M-Type" or and "A-Type" permit (although they will be required by the state)
	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"> <li>• New category: Manufacturing 6B Special baking/cooking license</li> <li>• New category: Consumption lounge</li> <li>• New category: Events (e.g. commercial events and farmers' markets, etc.)</li> </ul> <p>The City should also explore the possibility for one-day event permits.</p>	No	The legislation only contemplates permit types that align with existing state license types established by MAUCRSA at this time. Manufacturing is allowed, and consumption will be allowed at retail locations, under certain conditions. Special event permits are not contemplated in this legislation.
	3	San Francisco should support opportunities for existing businesses to participate in the cannabis industry by allowing for dual (i.e. the ability to sell both non-cannabis & cannabis products) licensing opportunities.	Yes	The legislation allows cultivators, manufacturers and distributors the opportunity to conduct medicinal and adult use related activities on their premises. The legislation requires retailers to either conduct only medical, or adult-use and medical activities on their premises. No solely adult-use retail activity is permitted under the proposed legislation.

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	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.	No	Similar to DPH's approach to onsite consumption at retail locations, San Francisco has been a leader in ensuring that everyone has the right to clean air and is not exposed to second hand smoke. Because the City is committed to maintaining its progressive clean air laws, this legislation does not contemplate permitting smoking tents at special events.
	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.	Yes	This legislation proposes zoning volatile solvent manufacturing only in locations where such activity would be allowed in an analogous use, such as in PDR-1-G, PBR-1-D, and PDR-2.
Licensing - Local Workforce Licensing	6	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: <ul style="list-style-type: none"> <li>• Office of Small Business</li> <li>• City College of San Francisco and other community colleges</li> <li>• San Francisco Unified School District</li> <li>• Charter or private schools</li> <li>• Unions</li> <li>• Oaksterdam University</li> <li>• Patient Focused Certification Program – Americans for Safe Access</li> </ul>	NL	Professional licenses are generally implemented at the state level, and because this is statewide activity, the City believes this should remain a state responsibility. With that said, the creation of standardized licensing requirements for workforce would allow individuals to train for clearly identified skills that meet the needs of the employer making them more successful at gaining employment. It is important that these standards be universal across geographies, ensuring that the worker has a broad market place for their skills and allowing them to find the best fit for themselves. The Office of Economic and Workforce Development and their workforce providers ensure that all trainings they provide give participants the skills they need for licensure (for example guard cards for security guards).  The Office of Economic and Workforce Development as well as the Office of Cannabis can plan to participate in discussions for license establishment at the state level to ensure that such standards meet the needs of both our workforce and businesses. The City can then implement such standards within OEWD/partner trainings to ensure that the workforce participants are able to get the licenses needed to move into the workforce.

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	#	Recommendation	Included	Rationale
Licensing - Non-Profit Licenses	7	San Francisco should encourage the non-profit model and make non-profit licenses available for cannabis organizations that provide compassion programs and supportive services.	Partial	While the City is not creating non-profit specific permits for 2018 (as defined by MAUCRSA) the City is contemplating an allowance for compassion programs, with certain restrictions, so that low income patients are able to continue to access medical cannabis at reduced cost. A report to that effect will be released by the Office of Cannabis in consultation with the Department of Public Health, and Controller's Office on November 1, 2017.
Deliveries	8	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.	Yes	The legislation proposes permits for nonstorefront retail delivery. Zoning for this activity will mirror zoning requirements for distribution activity.
	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.	Partial	Delivery drivers will be required to carry a manifest for each order. It is contemplated that the manifest will include: 1) Permit name and number, 2) Name of purchaser and date of birth, 3) date and time order was placed, 4) a description of the product ordered and amount, and 5) delivery address. These requirements have been contemplated in order to meet state regulations related to delivery. To-date, MAUCRSA requires delivery personnel to carry a physical copy of the delivery request requires the delivery personnel to make it available upon request of the licensing authority and law enforcement officers, however, the City expects that mandatory manifest information will be further clarified in the State's emergency regulations. To discourage "mobile delivery" the City is requiring each order have a specific destination prior to departure from the nonstorefront retail delivery location.
	10	San Francisco should allow permitted medical cannabis dispensaries that currently operate delivery services to continue to provide deliveries.	Yes	The legislation proposes requiring all retail permit holders to meet certain application requirements and operating standards to be eligible to deliver. If the retailer meets these requirements they may continue to deliver cannabis.
	11	Delivery drivers should receive appropriate training to minimize potential safety risks.	Yes	The legislation proposes requiring all retail permit holders to seek authorization to deliver, and as a part of their applications, retail/delivery will be required to sign a statement affirming that they will provide training to all employees concerning the laws governing sales and delivery, and to attend that the operator will take steps to ensure the personal safety of their employees.



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	#	Recommendation	Included	Rationale
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.	Yes	The legislation proposes requiring all retailers to maintain their medical use while allowing them to add adult use to their location.
	13	The licensing process for medical cannabis dispensaries should not be more restrictive than that for adult use retail licensees.	Yes	As proposed, MCDs would be permitted as of right in all commercial zoning districts, but require a Mandatory DR or CU, depending on the district, in Neighborhood Commercial Districts.
	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.	Yes	The legislation states: In reviewing applications for Cannabis Business permits, the Director shall give priority to: (1) Applications from Equity Applicants; <b>(2) Applications from Applicants that were operating a Medical Cannabis Dispensary in compliance with the Compassionate Use Act prior to September 1, 2016;</b> (3) Applications that demonstrate a commitment on the part of the Applicant to provide benefits to the surrounding community, including but not limited to workforce opportunities and community benefits contributions; and (4) Applications submitted by all other Applicants.
<b>Recommendation Sub-Category: Taxation and Revenue</b>				
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.	NL	The Mayor issued Executive Directive 16-05 on November 9, 2016, that directed his Budget Director to consult with the Controller, Treasurer and Tax Collector, and other stakeholders to propose taxation and permitting fees related to the production and distribution of cannabis products. He also asked staff to consult with other American jurisdictions that allow for non-medical cannabis use to survey their taxation and fee methods, to incorporate lessons learned. This cannabis tax working group will make recommendations for a local ballot measure to tax commercial cannabis activity. These conversations have just begun.
	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.	NL	While a specific percentage has not been settled on, the City seeks to ensure a rate that does not shift businesses and consumers back to the illicit market

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	#	Recommendation	Included	Rationale
	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.	NL	The Office of the Treasurer and Tax Collector is experienced in receiving and handling cash.
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"> <li>• Workforce development</li> <li>• Entrepreneurial opportunity fund</li> <li>• Education for students and youth</li> <li>• Education and training for formerly incarcerated persons</li> <li>• Community-identified priorities (e.g. community benefit agreements)</li> </ul>	NL	While not legislated, the Equity Report requested by the Board of Supervisors will contain some recommendations related to the possible investment of City tax revenues in economic infrastructure for communities that have historically been disenfranchised. The Office of Cannabis, Human Rights Commission and Controller will contemplate this recommendation when drafting the report and requisite recommendations.
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.	NL	Data collection is not currently contemplated in this legislation, however, the Office of Cannabis is working to define methods of data collection and scope, and will incorporate this collection plan into their 2018 work plan. The Office will seek to use data to inform future policy recommendations for the Mayor and Board of Supervisors.
<b>Recommendation Sub-Category: Agency Oversight</b>				
Local Regulatory and Regulatory Oversight Structure	20	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: <ul style="list-style-type: none"> <li>• Responsive</li> <li>• Timely</li> <li>• Accountable</li> <li>• Strong leadership</li> <li>• Transparent</li> <li>• Promote certainty in process</li> <li>• Multi-agency collaborative model</li> </ul>	Yes	The role of the Office of Cannabis is to implement the regulatory and permitting policies crafted by the Mayor and Board of Supervisors, and to track and analyze data to inform future policymaking related to cannabis activity. This legislation provides a transparent structure that allows for appeals of Director decisions to a third party hearing officer and then to the Board of Appeals for instances such permit issuance, suspension and revocation of permits.

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	#	Recommendation	Included	Rationale
	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"> <li>• Option 1: Standalone agency with its own staff and commission</li> <li>• Option 2: Standalone agency with its own staff, no commission</li> <li>• Option 3: Part of an existing agency or agencies</li> </ul> <p>Note: Task Force further developed this recommendation in Year II - please see "Other" tab for more information.</p>	NL	In the summer of 2017, the Board of Supervisors and the Mayor established an Office of Cannabis (OOC) under the direction of the City Administrator. This office is authorized to have three positions including the Director.
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, and Department of Public Works. The cannabis regulatory role of each agency should be distinct and not overlap.</p>	Yes	In the legislation, these departments are called "referring departments" and each department maintains existing permitting and inspecting responsibilities (except for the proposed sunseting of DPH's final permitting role under Article 33)
Track and Trace	23	<p>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.</p>	Yes	Each operator will be required to comply with track and trace. The City has engaged the CDFA in their development of the system to request participation in the user outreach and development. The goal is to make this a useful tool for not just the state, but also appropriate agencies in San Francisco.

# **Year II Recommendations**

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	#	Recommendation	Include	Rationale
Year II Recommendations: Non-Retail Licensing				
Recommendation Sub-Category: Technical				
Non-Retail Licensing Elements - General	1	San Francisco should make local permits for non-retail businesses available for all MCRSA and AUMA license categories and microbusinesses. San Francisco should not license large cultivation though State permit 3 or permit 5.		San Francisco is proposing to make indoor cultivation permits available for operations with up to 22,000 square feet of canopy. The legislator also proposes to allow for volatile and non-volatile manufacturing, distribution, microbusiness, and testing. The legislation does not propose a nursery permit due to the little information provided by the state related to this activity, however, it may contemplate this permit in the future, and after the state issues emergency regulations associated with this business activity.
	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"> <li>• New category: Virtual dispensary (i.e. physical location used for delivery with no walk-in retail)</li> <li>• New category: Manufacturing 6B Special baking/cooking license.</li> <li>• New category: Consumption lounge, bring your own product (entertainment, restaurants, yoga studio, gym)</li> <li>• New Category: Temporary Events, Cannabis Cup/Cultural Events, and Farmers Market examples</li> </ul> <p>The above licenses would not include retail activity, except in the case of microbusinesses.</p> <p>*Note: Manufacturing 6B, consumption lounge and events with retail activity to be addressed later under retail licensing topic area,</p>	Partial	While the legislation contemplates nonstorefront retail delivery and manufacturing permits, it does not contemplate a stand-alone baking permit, nor does it contemplate permits for standalone consumption lounges and special events. Much of this has to do with concerns related to environmental health, as well as state restrictions on where cannabis may be consumed.

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	Consumption lounges and temporary events should be allowed in San Francisco. The City should look into whether a license is necessary in these cases.	Partial	The proposed legislation does not allow for temporary events. It does allow for consumption spaces/lounges at permitted cannabis retail locations.
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.	Yes	We are not requiring proof of being affiliated with an existing MCD as an eligibility requirement for non-retail and delivery permit applicants.
4	The non-retail permitting process in San Francisco should be streamlined and efficient.	Yes	The Office of Cannabis is partnering with the California College of the Arts DBMA students as well as alumni to process mapping the existing application process with an eye towards streamlining and for the development of the final application system.
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.	Yes	The legislation contemplates giving retailers who were operating in good standing post 1996 and were forced to close due to federal intervention access to applications in phase I/2018.
6	San Francisco should respond to all State inquiries regarding local permits in a timely manner.	NL	While not legislated, the Office of Cannabis intends to work closely with our state counterparts on all processes related to local permit and state licensing approvals, including criminal history and over concentration review.
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.	NL	The City intends to protect information related to operations of San Francisco based operators in good standing from federal enforcement to the extent allowed by law.

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	#	Recommendation	Include	Rationale
Non-Retail Licensing Elements - Licensing Requirements	8	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: <ul style="list-style-type: none"> <li>• Board of Equalization (BOE) Sellers permit requirements</li> <li>• Articles of Incorporation</li> <li>• Labor laws</li> <li>• Occupational Safety and Health Administration (OSHA) standards</li> </ul>	Yes	Local operating standards for all cannabis businesses, including non-retail, will require applicants to share with the City all information they share with the state for a state license. The Office of Cannabis will also use the operating standards defined by the state through emergency regulation as the City's baseline operating standards.
	9	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 activity: <ul style="list-style-type: none"> <li>• Hazardous materials and waste storage plan</li> <li>• State nursery program inspection</li> <li>• Building inspections from the Department of Building Inspection (DBI)</li> <li>• Fire Department documentation</li> <li>• Documentation of alignment with Agricultural Department best practices</li> <li>• Security plans</li> </ul>	Yes	All of these recommendations are encompassed in the proposed application requirements except the "State nursery inspection program" suggestion. The legislation does not propose a nursery permit.
	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).	Yes	Operators will be required to have an annual inspection, and they will also be required to update all information on file in their application prior to renewing the permit to operate.
	11	San Francisco should issue local non-retail licenses to the operator, and take steps to ensure that licenses are portable.	Partial	Permits will be issued to the permittee. Permits for cannabis activity are tied to a permittee, location, and ownership structure (to an extent).

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	#	Recommendation	Include	Rationale
Dual Medical and Adult Cannabis Licensing	12	San Francisco should not make a distinction between medical and adult use permitting for non-retail businesses.	Yes	For all non-retail permits, we did not include a distinction for adult-use vs. medical use.
Personal Cultivation	13	Personal, noncommercial cultivation should not require a license in San Francisco.	Yes	These ordinances do not create personal cultivation permits.
<b>Recommendation Sub-Category: Social Justice</b>				
Strategies	14	San Francisco should engage community members in the target populations (people of color, women, transitional-age 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.	Yes	<p>applications for permanent commercial cannabis activity be made available until an Equity Program has been established. This program is intended to encourage a more equitable and inclusive local industry; and it will be developed and informed by an Equity Access Report due to the Board of Supervisors and the Mayor by November 1, 2017.</p> <p>The Office of Cannabis is working on the Equity Report with the Human Rights Commission and the Controller's Office. The report will present available data on disparities in the cannabis industry based on race, income, economic status, gender, disability, sexual orientation, gender identity, and HIV/AIDS status. It will also include recommendations regarding policy options that could (A) foster equitable access to participation in the industry, including promotion of ownership and stable employment opportunities in the industry (B) invest City tax revenues in economic infrastructure for communities that have historically been disenfranchised, (C) mitigate the adverse effects of drug enforcement policies that have disproportionately impacted those communities, and (D) prioritize individuals who have been previously arrested or convicted for marijuana-related offenses.</p>



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#	Recommendation	Include	Rationale
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"> <li>• Entrepreneurship grants and other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership (funded by cannabis taxes)</li> <li>• Subsidized permitting and license fees</li> <li>• Access to small business support programs and incubator services, such as the</li> </ul> <p>Mission Economic Development Agency (MEDA), SCORE, Minority</p>	Partial	<p>a) The proposed legislation prioritizes Equity applicants and then existing businesses, notably those who have been in operation prior to September 1, 2016. This is to allow Equity applicants to keep pace with the evolution of the industry. Naturally, existing businesses are established and may have more capacity to evolve at a pace that Equity applicants may not, and that is one reason why Equity applicants were prioritized first. b) Funding opportunities, subsidized fees and access to additional services may all be contemplated in the creation of the program. The only component contemplated in this legislation, other than the priority review and processing, is technical assistance. Additional strategies may be contemplated during the development of the Equity Program.</p>

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	#	Recommendation	Include	Rationale
Stakeholders	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	Yes	Temporary permits are being offered for non-retail and delivery. These are eligible for 90 day extensions through the end of 2018.
	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.	No	Non-cooperation is not specifically called out in this legislation, and the 2017 legislative session has concluded. During the session, AB 1578 was ordered inactive.
	18	The following entities could be involved in the aforementioned social justice-focused efforts: <ul style="list-style-type: none"> <li>• Neighborhood associations</li> <li>• Community business support programs (e.g., MEDA) and other local business associations</li> <li>• City College of San Francisco</li> <li>• Potential and current cannabis employees and entrepreneurs, including formerly incarcerated people, women, and people of color</li> <li>• Landlords</li> <li>• Office of Economic and Workforce Development (OEWD)</li> </ul>	NL	The City will continue to seek input and collaboration from a broad array of stakeholders as we develop our policies, including those related to social justice. While not specifically included in this legislation, this in no way precludes the City from engaging with these entities in the future.
<b>Recommendation Sub-Category: Community Engagement</b>				
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).	Yes	Good Neighborhood Policies are contemplated in the legislation and applicants are required to agree to them as part of the application process. The proposed standards are the following: (i) Provide to residential and commercial neighbors located within 50 feet of the Cannabis Business the name, phone number, and email address of an onsite community relations staff person who may be contacted concerning any problems associated with operation of the establishment; (ii) Maintain the Premises, adjacent sidewalk and/or alley, and associated parking areas in good condition at all times; (iii) Prohibit loitering in or around the Premises, and post notifications on the Premises advising persons of this prohibition. Notice of Violation + permit suspension and revocation (+ appeals pathways) are contemplated in the legislation to ensure accountability of permit conditions such as these.
	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.	No	While this is not contemplated in the legislation, the Office of Cannabis is considering amendments to incorporate more community outreach as part of the application process.

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	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.	Yes	The Office of Cannabis has a website and will seek to use it as a platform to disclose all appropriate regulatory information to the public to ensure full transparency and knowledge of the regulations governing the industry. The website currently houses the draft legislation and provides a platform for comment from members of the public, etc. and provides a place for members of the public to comment regarding how the website can be a better tool for their use.
	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.	NL	As mentioned for this recommendation in Year I, we are not aware of a model for CA cannabis regulatory compliance training, similar to LEAD. With that said, the Office of Cannabis would be happy to partner with city agencies and other stakeholders to identify models and to ultimately ensure appropriate training occurs so that employers and employees understand best practices related to responsible service of cannabis and cannabis products.
	23	For the sake of public safety, non-retail businesses should not aim to draw unnecessary attention to themselves through signage.	Yes	Specific cannabis retail signage provisions are not proposed in the Planning Code changes.
Stakeholders	24	The following entities are stakeholders in the City's community engagement efforts for non-retail: <ul style="list-style-type: none"> <li>• Businesses</li> <li>• Residents</li> <li>• San Francisco Department of Public Health</li> <li>• San Francisco Police Department</li> <li>• San Francisco Fire Department</li> <li>• San Francisco Unified School District</li> <li>• Office of Economic and Workforce Development (OEWD)</li> <li>• Office of Small Business</li> <li>• Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency</li> </ul>	NL	The City, through the Office of Cannabis, has been engaging many of these stakeholders to assist with the development of: registration inspection standards, components of the local regulatory structure, and policy options to address the future needs of San Francisco with the implementation of commercial cannabis activity in 2018.
Tourism and Hospitality	25	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.	Partial	The legislation contemplates allowing for tours of certain facilities in 2019, but only after policies are established that address policy priorities such as those outlined here: mitigating neighborhood impacts, address potential congestion and parking impacts, etc.

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	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.	NL	See above.
	27	Tour companies should be required to designate a community liaison to address concerns and respond to community inquiries.	NL	See above.
Youth Access and Exposure	28	Non-retail cannabis-related waste material should be stored and disposed of securely in order to prevent diversion to youth.	Yes	The legislation requires a waste disposal plan from all operators, and requires trash to be contained and disposed of pursuant to garbage and recycling receptable guidelines to be developed by DPW. This will include locking receptacles.

Year II Recommendations: Land Use

**Recommendation Sub-Category: Cross-Cutting - Technical and Community Engagement**

Land Use Types	1	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. Options for regulating the sale of cannabis as an accessory use could include: 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	Partial	While the Planning Code legislation allows for accessory use, it defers that option to the creation of an Accessory Use permit from the Office of Cannabis. This permit type is not being offered at this time, however, once the City better understands state regulations associated to accessory use activity, we will begin to have more focused conversations related to accessory use - policies to regulate, inappropriate vs. appropriate accessory use locations, etc - in an effort to create a pathway for the thoughtful implementation and regulation of accessory use retail in the future.
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	# Recommendation	Include	Rationale
Land Use Landscape	<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> <p>2 a. Expand locations where new cannabis businesses could operate to include all zoning districts where their conventional equivalents are allowed to operate.</p> <p>b. Establish a buffering distance between primary cannabis retail businesses.</p> <p>c. Allow cannabis business that are in compliance with requirements "as of right" in specifically zoned areas.</p> <p>d. Add cannabis retailers to the formula retail list.</p>	Yes	<p>a. We allow Cannabis Retail in all zoning districts that allow commercial activity, except for NC-1 zoning Districts. Only retail operations with a microbusiness licenses can operate in PDR districts.</p> <p>b. the ordinance established a 300' buffer around cannabis businesses.</p> <p>c. In most commercial districts cannabis retail will be allowed as-of-right, the notable exception being NC Districts. For non-retail, most of the cannabis activities are allowed as of right.</p> <p>d. In the proposed ordinance, Cannabis Retail and MCRs are subject to Formula Retail controls.</p>
	<p>3 Cannabis businesses should be subject to review by an appropriate agency to determine the conditions the business would need to comply with.</p>	Yes	<p>Businesses will be subject to review by multiple referring agencies to determine conditions of their permits. These agencies include DPH, SFFD, SFPD, and OOC.</p>
	<p>4 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>	No	<p>The legislation proposes to continue to use straight-line measurement; other methodologies are far too ambiguous and would present uncertainty and controversy for cannabis retailers and neighbors alike.</p>
	<p>5 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>Note: 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:</p> <ul style="list-style-type: none"> <li>• A distance of 500 feet was proposed to align with San Francisco's current distance requirements for tobacco.</li> <li>• 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.</li> <li>• Some Task Force members supported a distance less than 500 feet, but agreed to move forward with the aforementioned</li> </ul>	Partial	<p>The required minimum distance would be 600', which is 400' less than presently required for MCDs. The ordinance reduces proximity to some sensitive uses. As proposed, existing operating MCDs' locations are grandfathered.</p>

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	# Recommendation	Include	Rationale
	6 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.	Yes	Existing laws cover this already.
	7 Businesses that sell cannabis as an accessory use should undergo a different land use approval process as compared to non-accessory uses.	NL	This is not contemplated in the legislation at this time, however, it will be addressed legislatively at the time if/when accessory use permits are made available.
	8 Existing cannabis businesses should undergo a less restrictive land use approval process as compared to new businesses.		The proposed ordinance includes a provision that allows existing MCDs to convert to Cannabis Retail without CU authorization, or being subject to the new location restrictions. Existing non-retail businesses should not need to receive new land use entitlements as long as they already have them. Those non-retail businesses that operated without the benefit of a permit will have to establish the use at the site, which may require a change of use application or CU authorization.
<b>Recommendation Sub-Category: Technical</b>			
Land Use Types	9 San Francisco should establish a cannabis 'restaurant/food' license, with guidelines to prevent cross contamination. Examples of possible guidelines: 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.	No	a) Not clear that this activity is currently allowed - the state current prohibits the manufacture of any product considered a potentially hazardous food. Edible cannabis is also not allowed to provide more than 10 milligrams of THC per serving and distribution must be uniform. Finally product must be labeled and packaged in final form before sale. b) & c ) Same as above. If the final product needs time temperature controls to maintain it's quality and safety then it is not eligible for development and consumption. e) The City believes the state needs to provide more guidance re: accessory use, and then further conversations need to occur related to appropriate location and controls for this type of activity before permitting this activity.
	10 San Francisco should consider a land use designation for consumption lounge.	Partial	The legislation contemplates allowing for retailers to have consumption lounges on their premises with DPH approval. The existing 8 onsite consumption lounges for smoking/vaping would be eligible to remain if the retailer maintains their medical activity and does not add adult-use activity to their permit. Adult-use and medical consumption that is non-smoking/non-vaping could be allowed on the premises of permitted retail locations subject to certain conditions applied by DPH.

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	#	Recommendation	Include	Rationale
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.	Yes	While this ordinance was drafted to allow a more even distribution of retail cannabis businesses across the City, San Francisco's industrial lands are clustered on the eastern side of the city; therefore most non-retail businesses is proposed to be located on the eastern side of 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.	Yes	The proposed legislation prioritizes applications from operators who were in good standing with the City but were forced to close due to federal intervention/enforcement.
<b>Recommendation Sub-Category: Community Engagement</b>				
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.	NL	"NL" because this recommendation is unclear in the context of today. This ordinance does not contemplate any new public engagement requirements at this time, however, this may be addressed through future amendments of the ordinances.
	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.	Partial	The Office of Cannabis seeks to create a clear and transparent application process. Planning pre-application requirements would apply to all MCDs in NC districts, and the Office of Cannabis is contemplating amendments that would increase community engagement prior to permit approval and issuance.
	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.	No	The ordinance does not add any new public engagement requirements for cannabis businesses, however, community engagement requirements are being contemplated for inclusion in the ordinance through future amendments.
	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.	No	The ordinance does not add any new public engagement requirements for cannabis businesses, however, community engagement requirements are being contemplated for inclusion in the ordinance through future amendments.
	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.	Yes	The legislation contemplates application requirements and operating standards that will be required of every operator, and then additional standards based on activity type, to ensure thorough and thoughtful regulation of all activities. All criteria and standards will be made public. The legislation proposes inspections to ensure accountability.

Year II Recommendations: Retail Licensing

**Recommendation Sub-Category: Technical**

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	#	Recommendation	Include	Rationale
Retail Licensing Elements	1	San Francisco should make local permits for retail businesses available for all MCRSA and AUMA license categories and microbusinesses.	Partial	While the proposed legislation offers many types of permits, it does not allow for all activities allowed by the state such as nurseries and outdoor agriculture. All local applicants, except retail applicants, are not required to apply for an "M-Type" or and "A-Type" permit (although they will be required by the state)
	2	In addition to the State-defined license types, the following local license types should be created: <ul style="list-style-type: none"> <li>• New category: Manufacturing 6B Special baking/cooking license</li> <li>• New category: Virtual dispensary (i.e. physical location used for delivery with no walk-in retail)</li> <li>• New category: Consumption lounge, bring your own product (entertainment, restaurants, yoga studio, gym)</li> <li>• New Category: Temporary Events, Cannabis Cup/Cultural Events, and Farmers Market examples</li> </ul>	No	The legislation only contemplates permit types that align with existing state license types established by MAUCRSA. This legislation does not propose a stand-alone consumption permit, does not allow for temporary event permits, and does not contemplate a virtual dispensary at this time (public access to nonstorefront retail is not allowed under this proposal).
	3	The retail permitting process in San Francisco should be streamlined and efficient.	Yes	The Office of Cannabis is partnering with the California College of the Arts DBMA students as well as alumni to process mapping the existing application process with an eye towards streamlining and application platform development.
	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.	Yes	The proposed legislation prioritizes applications from operators who were in good standing with the City but were forced to close due to federal intervention/enforcement.
	5	San Francisco should respond to all State inquiries regarding local permits in a timely manner.	Yes	While not legislated, the Office of Cannabis intends to work closely with our state counterparts on all processes related to local permit and state licensing approvals, including criminal history and over concentration review.
	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.	Yes	Specifically, the following text is included: "With respect to any application for the establishment of a new Cannabis Retail Use, in addition to the criteria set forth in subsections (c) and (d) above, the Commission shall consider the geographic distribution of Cannabis Retail Uses throughout the City, the balance of other goods and services available within the general proximity of the proposed Cannabis Retail Use, any increase in youth access and exposure to cannabis at nearby facilities that primarily serve youth, and any proposed measures to counterbalance any such increase."



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#	Recommendation	Include	Rationale
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"> <li>• 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.</li> <li>• 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.</li> </ul>	Yes	<p>The legislation proposes cannabis retailers may not locate within 300’ of another such business. While the minimum clustering distance is the same throughout the City, CU criteria applicable in NC districts require that the Commission consider additional adjacencies and other factors such that a higher level of scrutiny would apply.</p>
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>		<p>Formula retail rules would apply to cannabis retailer and medical cannabis retail permits.</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>	Yes	<p>The proposed land use controls do provide a way for existing MCD to convert to CRs. The provision exempts existing MCDs from more restrictive clustering provisions, and exempts them from obtaining Conditional Use Authorization.</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>		<p>The legislation proposes requiring retailers to maintain their medical use, but allows them to add adult-use to their activity. The licensing process, as proposed, would allow for a review of the retailer's history, business plan, community concerns, etc. as part of the permitting process.</p>
11	<p>San Francisco should not create a separate retail permit for nurseries.</p>	No	<p>The legislation does not currently contemplate nursery permits, however, that is something the City can allow for in the future. It wasn't incorporated at the time of drafting due to lack of clarification around proposed state regulations associated to nursery facilities.</p>

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	#	Recommendation	Include	Rationale
Retail Licensing Elements - Licensing Requirements	12	San Francisco should not make a distinction between medical and adult use permitting for retail businesses.	Yes	As contemplated, retailers would be required to have both types of activity on the premises, or they would be allowed to retain only their medical activity. This was done to ensure we always have a market for medical cannabis patients.
	13	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: <ul style="list-style-type: none"> <li>• Board of Equalization (BOE) Sellers permit requirements</li> <li>• Articles of Incorporation</li> <li>• Labor laws</li> <li>• Occupational Safety and Health Administration (OSHA) standards</li> </ul>	Yes	All state regulations will be incorporated into City regulation, and will form the baseline standard for all cannabis operations in San Francisco. Any additional regulations put forward by the City will reflect the City's values.
	14	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: <ul style="list-style-type: none"> <li>• Hazardous materials and waste storage plan</li> <li>• State nursery program inspection</li> <li>• Building inspections from the Department of Building Inspection (DBI)</li> <li>• Fire Department documentation</li> <li>• Documentation of alignment with Agricultural Department best practices</li> <li>• Security plans</li> <li>• Weights &amp; Measures</li> </ul>	Yes	The legislation contemplates requiring applicants to submit the following plants and information with their applications: Waste St
	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.		A permit holder will be required to maintain their standing with the state in order to maintain their local permit. In order for an permit holder to receive license renewal, the operator will be required to maintain compliance with all local and state permit conditions, and update their file regularly.
	16	San Francisco should issue local retail licenses to the operator for a particular location.	Yes	Permit are tied to locations and to ownership structure.

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	#	Recommendation	Include	Rationale
On-Site 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+.		The California Health and Safety Code states that the smoking of cannabis or cannabis products is prohibited in a location where smoking tobacco is prohibited. San Francisco has been a leader in ensuring that everyone has the right to clean air and is not exposed to second hand smoke. San Francisco's policymakers have passed local ordinances that include the prohibition of smoking of tobacco or any other weed or plant products in public areas such as parks, recreation areas and at certain outdoor events. As with the smoking of tobacco, passive exposure to marijuana smoke among children, nonsmokers, and people who work in cannabis businesses is a concern, and the City is committed to maintaining its progressive clean air laws. Therefore, this legislation does not propose allowing smoking/vaping in public places, except at medical cannabis dispensaries that received a prior smoking-area designation from the Planning Department.
	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.	Partial	Further clarification is not being sought by the City at this time except for clarifying purposes.
	19	San Francisco should allow on-site consumption at cannabis retail locations and these locations must include proper ventilation systems.	Partial	Smoking/vaping consumption is proposed to remain at the existing medical cannabis dispensary onsite smoking locations for medical use only. Those locations must maintain their current ventilation systems and incorporate any additional standards DPH deems appropriate. Consumption that is non-smoking/non-vaping will be allowed at any retailer that receives a sub-permit from DPH for consumption related activities.
	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.	No	Per MAUCRSA, consumption must be restricted to areas where people are 21 or older, it may not be visible from any public place or non-age restricted area, and tobacco and alcohol are not allowed on the premises. San Francisco has been a leader in ensuring that everyone has the right to clean air and is not exposed to second hand smoke. Because the City is committed to maintaining its progressive clean air laws, this legislation does not contemplate permitting consumption (including smoking and vaping) in public places, including at special events.
	21	San Francisco's on-site consumption requirements should not be stricter than those outlined in state cannabis laws.	No	Under the law, The Department of Public Health will develop rules and regulations governing the on-site consumption permit. These rules and regulations will incorporate whatever consumption allowances the State will provide for in its emergency regulations, to be released in November, 2017.

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	#	Recommendation	Include	Rationale
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.	Partial	The Office of Cannabis, in consultation with the Department of Public Health and the Controller, is in the process of developing a report and recommendations for providing continued access to medical cannabis at an affordable cost. The report will be released on November 1, 2017.
	23	San Francisco should provide incentives (e.g. tax and licensing incentives) to cannabis organizations that provide compassion programs and supportive services.	No	This is not currently contemplated in the legislation, however, this is something that can be reviewed after or upon the creation of a compassion program.
Tourism and Hospitality	24	<p>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"> <li>• Allow cannabis consumption indoors to prevent unintended exposure</li> <li>• 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</li> <li>• Collaborate with tourism/hospitality stakeholders to provide tourists with educational materials and information about safe access and consumption of adult use Security plans</li> </ul>	Yes	Under the proposed legislation, the Department of Public Health will issue separate permits to cannabis retailers that wish to allow onsite consumption of edible cannabis products, and rules and regulations to that effect will be forthcoming. Tourists would be able to access such spaces for consumption purposes. A permitted medical cannabis dispensary with a prior smoking-area designation from the Planning Department will be allowed to maintain its smoking/vaping onsite location for medical use only. Beyond that, smoking/vaping is not proposed to be allowed at other commercial cannabis locations in the City. The legislation allows for consumption of cannabis at retail locations that obtain an onsite consumption permit from DPH, and such consumption locations may not be visible from any public place or non-age restricted area. The legislation requires distribution of a Responsible Consumption Fact Sheet at the point of sale, the content of which will be created by DPH. Moreover, the Office of Cannabis is working with SF Travel and the Chamber to develop information for tourism/hospitality to remain educated on the status of adult-use cannabis as well as responsible consumption, etc.
	25	San Francisco should allow cannabis retail locations in San Francisco to give tours of their facilities to the public.	Yes	The legislation contemplates allowing tours of certain facilities in 2019, but only after policies are established that address policy priorities such as those previously outlined by the Task Force: mitigating neighborhood impacts, addressing potential congestion and parking impacts, etc.
<b>Recommendation Sub-Category: Social Justice</b>				

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	# Recommendation	Include	Rationale
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)	NL	This could be contemplated during the creation of an Equity Program.
	28 San Francisco should prioritize the following strategies for development: 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. b) An equity licensing program, which would include: <ul style="list-style-type: none"> <li>• Entrepreneurship grants and other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership (funded by cannabis taxes)</li> <li>• Subsidized permitting and license fees</li> <li>• Access to small business support programs and incubator services, such as the Mission Economic Development Agency (MEDA), SCORE, Minority-owned</li> </ul>	NL	This could be contemplated during the creation of an Equity Program.
	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.	Yes	Temporary permits are being offered for non-retail and delivery. These are eligible for 90 day extensions through the end of 2018.

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	#	Recommendation	Include	Rationale
Stakeholders	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.	NL	This is not currently contemplated in this legislation. The city intends to
	31	The following entities could be involved in the aforementioned social justice-focused efforts: <ul style="list-style-type: none"> <li>• Neighborhood associations</li> <li>• Community business support programs (e.g., MEDA) and other local business associations</li> <li>• City College of San Francisco</li> <li>• Potential and current cannabis employees and entrepreneurs, including formerly incarcerated people, women, and people of color</li> <li>• Landlords</li> <li>• Office of Economic and Workforce Development (OEWD)</li> </ul>	NL	The City will continue to seek input and collaboration from a broad array of stakeholders as we develop our policies, including those related to social justice. While not specifically included in this legislation, this in no way precludes the City from engaging with these entities in the future.
<b>Recommendation Sub-Category: Community Engagement</b>				
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).*(Reflects Year 1 PSSE recommendation 4.)	Yes	Good Neighborhood Policies are contemplated in the legislation and applicants are required to agree to them as part of the application process. The proposed standards are the following: (i) Provide to residential and commercial neighbors located within 50 feet of the Cannabis Business the name, phone number, and email address of an onsite community relations staff person who may be contacted concerning any problems associated with operation of the establishment; (ii) Maintain the Premises, adjacent sidewalk and/or alley, and associated parking areas in good condition at all times; (iii) Prohibit loitering in or around the Premises, and post notifications on the Premises advising persons of this prohibition. Notice of Violation + permit suspension and revocation (+ appeals pathways) are contemplated in the legislation to ensure accountability of permit conditions such as these.
	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.	Yes	The Office of Cannabis has a website and will seek to use it as a platform to disclose all appropriate regulatory information to the public to ensure full transparency and knowledge of the regulations governing the industry. The website currently houses the draft legislation and provides a platform for comment from members of the public, etc. and provides a place for members of the public to comment regarding how the website can be a better tool for their use.

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	# Recommendation	Include	Rationale
	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.	No	As mentioned for this recommendation in Year I, there is no known model for cannabis regulatory compliance training, similar to LEAD. With that said, the Office of Cannabis would be happy to partner with city agencies and other stakeholders to identify models and to ultimately ensure appropriate training occurs so that employers and employees understand best practices related to responsible service of cannabis and cannabis products.
	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.	Partial	The City's charter places the responsibility for land use decision on the Planning Commission; therefore the ordinance places land use decision for cannabis business with the Planning Commission. Licensing for individual cannabis businesses will be handled by the Office of Cannabis. The Office of Cannabis will track the process for applicants to be permitted/licenses, however the Planning Department will decide timing for hearings based on established practices. The Office of Cannabis will also manage complaints related to permit holder activity where appropriate.
Stakeholders	36 The following entities are stakeholders in the City's community engagement efforts for retail: <ul style="list-style-type: none"> <li>• Businesses</li> <li>• Residents</li> <li>• San Francisco Department of Public Health</li> <li>• San Francisco Police Department</li> <li>• San Francisco Fire Department</li> <li>• San Francisco Unified School District</li> <li>• Office of Economic and Workforce Development (OEWD)</li> <li>• Office of Small Business</li> <li>• Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency</li> </ul>	NL	The City will continue to seek input and collaboration from a broad array of stakeholders as we develop our policies.

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	#	Recommendation	Include	Rationale
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.</p> <p>Strategies could include:</p> <ul style="list-style-type: none"> <li>• Developing, proposing and pursuing a state legislative approach that would create an exemption for these types of culinary experiences.</li> <li>• Development of a patron notification process for any food establishment offering these opportunities.</li> <li>• Development of mechanisms to determine the appropriate distribution of cannabis friendly dining venues throughout the City.</li> </ul>	NL	Noted, and will review with the Mayor's Office to inform the City's 2018 state legislative agenda.
	38	San Francisco should allow cannabis consumption in parked cars (i.e., do not impose arrests, fines, or fees for cannabis consumption in parked cars.)	NL	It is a violation of State law to consume cannabis in a public place, including a vehicle, to possess an open container or open package of cannabis/product in a vehicle, and to operate a vehicle while under the influence.
	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	NL	To contemplate in 2018.
	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	NL	To contemplate in 2018.
	41	Tour companies should be required to designate a community liaison to address concerns and respond to community inquiries.	NL	To contemplate in 2018.



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	#	Recommendation	Include	Rationale
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"> <li>• Allow cannabis consumption indoors to prevent unintended exposure</li> <li>• Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street.</li> </ul>	Partial	Under the proposed legislation, the Department of Public Health will issue separate permits to cannabis retailers that wish to allow onsite consumption of edible cannabis products, and rules and regulations to that effect will be forthcoming. Tourists would be able to access such spaces for consumption purposes. A permitted medical cannabis dispensary with a prior smoking-area designation from the Planning Department will be allowed to maintain its smoking/vaping onsite location for medical use only. Consumption locations may not be visible from any public place or non-age restricted area.
	43	Retail tour access should be restricted to people ages 21 and over or in possession of a valid medical cannabis recommendation.	NL	This will be something contemplate during the creation of policies regulating tour activity. Under the proposed legislation, tours may be allowed at certain facilities as early as 2019.
	44	Retail cannabis-related waste material should be stored and disposed of securely in order to prevent diversion to youth.	Yes	The legislation requires a waste disposal plan from all operators, and requires trash to be contained and disposed of pursuant to garbage and recycling receptacle guidelines to be developed by DPW. This will include, at a minimum, a requirement that any waste be stored in locked receptacles prior to pickup.

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Recommendation	Included	Rationale
<b>Year II Recommendation - Agency Oversight</b>		
<p>In terms of a cannabis regulatory oversight structure, San Francisco should establish a standalone agency, with two options for managing the dispute resolution process: (1) a Commission or (2) hearing officer. Note: this recommendation builds upon Year I Regulation and City Agency Oversight Recommendation #21.</p>	Yes	<p>The legislative contemplates the creation of a hearing officer, or ALJ. This officer will serve as the first step of appeals of Director's decisions related to permit suspension and/or revocation.</p>

## Somera, Alisa (BOS)

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**From:** Ruby LaGrandeur <ruby@sumi112.com>  
**Sent:** Tuesday, October 24, 2017 8:41 AM  
**Subject:** Public comment re: Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,

My name is Ruby LaGrandeur. I have been a resident of San Francisco for the past 5 years. Moving to California in 1999 has afforded me more opportunity than I could have ever imagined. I attended a small high school on Whidbey Island in Washington State where I was told by the school counselor I should either marry well or pray I get into a trade school. I am proud to be writing this letter to you with 15 successful years working in leadership positions in the biotech, clean tech and hi-tech industries. I manufacture a single serving, low dose, sparkling cranberry beverage which has been infused with 5 mg of THC. It allows both the novice and connoisseur to safely enjoy cannabis in any social setting. I desperately want to be compliant with all regulations. Unfortunately, I have been unable to obtain manufacturing space.

I agree with the Small Business commission's suggested 2 step registration process.

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.

Additionally,

It should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen. The rental market in SF is, as you know, prohibitively expensive, and I am not even breaking even yet as it is. I don't believe we need to recreate the wheel when it comes to aspects of regulating the cannabis industry. Simple is better.

I truly appreciate the time, energy and dedication San Francisco officials have shown towards welcoming the cannabis industry. A thousand Thank you's. I am available for questions anytime.

Warmly,



**RUBY LAGRANDEUR**  
FOUNDER

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*Stay connected!*

171041 | 171042

**From:** Jewel Zimmer <jewel@cocoacollectionsf.com>  
**Sent:** Saturday, October 21, 2017 3:56 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Office of Cannabis (ADM); Somera, Alisa (BOS); Major, Erica (BOS); Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Office of Cannabis, Small Business Commission, and Board of Supervisors,

My Name is Jewel Zimmer and I own a boutique chocolate company in here in SF. <http://cocoacollectionsf.com/artisan> In the past 18 months I have been working to transition my company into the cannabis world by doing diligent amounts research, having intellectual conversations with analytical labs, chemists, formulators, medical experts, Co2 extractors, farmers and potential delivery partners. As well as, establishing articles, Tax ID, sellers permit and investing extensive amounts of time and money into trying to make the most responsible legal and financial decisions possible to launch in this emerging market. I made the decision not to take on a lease before I understood exactly what would be asked of me as a manufacturer to comply with the city of San Francisco's new regulations. Now that I know what is expected of me, I am in a compromised position to register because I did not secure a zoned location before September 26 2017.

I am writing you today to formally acknowledge that I agree with the Small Business commission's suggested 2 step registration process.

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.

I ask that you take these suggestions seriously, as my future as a small cannabis business in San Francisco is dependent upon being able to register and work my way towards compliance with a zoned permitted location. I also ask that you consider shared kitchen spaces for manufacturers. This mirrors the current bay area food provenders and how we work collectively to help leverage one another.

Thank you for your time.

In partnership,

Jewel Zimmer

Jewel Zimmer  
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[www.cocoacollectionsf.com](http://www.cocoacollectionsf.com)  
[www.juna-world.com](http://www.juna-world.com) (coming soon)

**From:** Flour Child Collective <hello@flourchild.org>  
**Sent:** Saturday, October 21, 2017 4:32 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Office of Cannabis (ADM); Somera, Alisa (BOS); Major, Erica (BOS); Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042" in the subject line

Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,

My name is Stephany Gocobachi, I am a native of San Francisco and a member of the SF cannabis community, and I agree with the Small Business Commission's suggested 2 step registration process.

**Step 1:** *ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).*

Many producers are currently running cottage operations, out of their homes, as per Article 33. We have been waiting on the City's regulations to see what the next move is. For a small business, it isn't affordable to rent and build out a space until zoning is finalized, so many of us have been waiting to see what is going to happen before making a move. We started looking for space this year, and found one in the Dogpatch we loved that seemed like it would be a perfect fit- when we spoke with a lawyer about it, he basically told us that it would probably be ok but there was no guarantee- so we held off until there was more information. Alas, it would have been perfect, but we couldn't afford to build out a space and have it turn out to be in the wrong zone.

Many of those working from home kitchens are afraid to come forward and state they are doing business as such, for fear of their landlord being contacted for an inspection and losing housing, or being slapped with fines and fees. Many of us have been waiting on manufacturing regulations to know what to do next, and don't plan on continuing to work from home for long (and for some with growing businesses, can't). Please consider some sort of grace period for cottage manufacturers to get up to speed, and a reasonable pathway to get there.

**Step 2:** *Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance. With the condition that we will find a properly zoned location by a certain date.*

*Additionally, it should be possible to share a space/address with other manufacturers or other cannabis businesses, with each business holding their own permits but sharing use of a DPH-approved & permitted space. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen. Many small businesses don't need a large space, or can't afford one. Without this option- especially in the real estate market of San Francisco- there is no pathway for small businesses to grow. Small, artisan manufacturing would die. This is the backbone of the industry, and always has been. In terms of safety as well, it would be beneficial to have multiple business sharing in one location. The dispensaries and patients*

of San Francisco currently rely on these small producers heavily- without us, there won't be any quality products on the shelves. As tiny businesses, it's extremely difficult to go from being compliant in the current climate to making such a fast jump into such a vastly different one. This way, we could band together and come up to compliance collectively, and give small businesses a chance in this new environment.

Thank you for your time, hard work and your consideration.

Best,  
Stephany Gocobachi  
Founder, Flour Child  
m. 415.251.3541  
[www.flourchild.org](http://www.flourchild.org)

171041 | 171042

**From:** Sharon Krinsky <sharon@societyjane.com>  
**Sent:** Saturday, October 21, 2017 5:21 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Office of Cannabis (ADM); Somera, Alisa (BOS); Major, Erica (BOS); Breed, London (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Tang, Katy (BOS); Ronen, Hillary; Yee, Norman (BOS); Safai, Ahsha (BOS); Cohen, Malia (BOS); Peskin, Aaron (BOS); Sheehy, Jeff (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Small Business Commission, Office of Cannabis and Board of Supervisors,

My name is Sharon Krinsky and I am CEO and Founder of Hassell Girls, Inc. (DBA Society Jane), a Proposition 215 Medical Cannabis Collective and delivery service in San Francisco. We have been incorporated and conducting business since December of 2015 and are hoping to continue operating once the new regulations for cannabis businesses go into effect.

I am writing to lend my support and agreement to the Small Business Commission's suggested two-step registration process as outlined below:

**Step 1:** *ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).*

**Step 2:** *Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.*

*Additionally,*

*It should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen. The rental market in SF is, as you know, prohibitively expensive, and I am not even breaking even yet as it is.*

There has to be a way to help small businesses make it work. I will do whatever I can to help, but we can't succeed without you and your level-headed and common-sense guidance.

Not only is Society Jane my livelihood, it is also a lifeline for many patients seeking relief from debilitating pain and chronic health issues. If I am not able to register and obtain a license for Society Jane, the health and well-being of our members is at risk.

I will be attending Monday's meeting at 2:30 pm at City Hall in Room 400 to show my support for the Small Business Commission's suggested registration process. I hope you will join me in lending your support as well.

Sincerely,

Sharon Krinsky

Sharon Krinsky, Founder | CEO

**SOCIETY JANE**™

[www.societyjane.com](http://www.societyjane.com)

171041 | 171042

**From:** bridget may <bridget@littlegreenbee.net>  
**Sent:** Saturday, October 21, 2017 10:57 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Office of Cannabis (ADM); Somera, Alisa (BOS); Major, Erica (BOS); Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042" in the subject line

Dear Office of Cannabis, Small Business Commission, and Board of Supervisors,

My Name is Bridget May and I run a small cannabis topicals company in San Francisco called Little Green Bee. I make massage oil for localized pain and skin ailments as well as cosmetics such as eye cream and serum. Here is my website:

<http://www.littlegreenbee.net/>

I have been incorporated since 2015 and am part of the supply chain to several delivery-only dispensaries including Sava and FoggyDaze:

<https://www.getsava.com/>    <https://foggydazedelivery.com/>

My background is in botany and chemistry, and I continue to work in the biotech industry as an analytical chemist to help pay my rent in San Francisco. I planned to devote myself full time to my business as soon as I was certain that I would be allowed to continue under the new regulations. I have all the requirements for doing business in the City and County of San Francisco (and California), such as business registration, seller's permit, and corporate meetings and bylaws. I have established an EIN with the IRS and I have been paying taxes since I began. However, I am currently working out of my home under cottage laws which I now know will not be legal come January of 2018. With the new regulations I find myself in a compromised position to register for a local permit because I did not secure a zoned location before September 26 2017.

I am writing to lend my support for the creation of a two-step registration process as outlined below so that I, like many others in my position, will have a path forward and the ability to remain in business under the new regulations.

Step 1: ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 26SEP2017. This mirrors Oakland's process, which does not require a location (this requirement is considered a barrier to entry).

Step 2: Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.



Also, make it possible to share a space or address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen, creating a collective/co-op shared kitchen and community space, in which each producer or business is individually permitted but shares a commissary space or central hub. The rental market in SF is, as you know, *prohibitively* expensive, and I am not even breaking even yet as it is. There has to be a way to help small businesses make it work!

I ask that you take these suggestions seriously, as my future as a small cannabis business in San Francisco is dependent upon being able to register and work my way towards compliance with a zoned permitted location.

Thank you for your thoughtful consideration,

Bridget  
Little Green Bee  
(415) 652-1335

171041 | 171042

**From:** David Rothenberg <dave@mightyfoods.co>  
**Sent:** Sunday, October 22, 2017 12:29 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Somera, Alisa (BOS); Major, Erica (BOS); Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,

My name is David Rothenberg. I'm Founder and CEO of a nutraceuticals startup Called Mighty Health Co that makes dietary supplements with very low doses of cannabis.

I'm writing this email to advocate for the staff suggestions from the Small Business commission's 2 step registration process for cannabis companies:

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.

Additionally, It should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen.

Many of us hope to help consumers discover new health and wellness options in the legal cannabis market. There has to be a way to help small businesses make it work in San Francisco.

Thank you for your consideration.

Sincerely,  
Dave Rothenberg  
Mighty Health Co.  
cell: 650-861-1357

171041 / 171042

**From:** Clayton Coker <clayton@somatik.us>  
**Sent:** Sunday, October 22, 2017 1:31 PM  
**To:** Somera, Alisa (BOS); Major, Erica (BOS); Mahajan, Menaka (ECN); Office of Cannabis (ADM); SBC (ECN)  
**Cc:** Peskin, Aaron (BOS); Safai, Ahsha (BOS); Ronen, Hillary; Kim, Jane (BOS); Sheehy, Jeff (BOS); Tang, Katy (BOS); Breed, London (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Yee, Norman (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,

I'm Clayton Coker of Somatik, a local Cannabis business in San Francisco. I am writing in support of the two-step registration process suggestion outlined in the Office of Small Business staff report. Here's an example of our suggested process:

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.

Additionally, It should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen.

The rental market in SF can be prohibitively expensive, and we are a new, not yet profitable business and we're excited to be a permitted

cannabis business helping to diversify San Francisco's economy, and preserve a wide range of business types and sizes. We need your help to ensure small businesses can not only survive, but thrive in San Francisco.

Sincerely  
Clayton Coker  
Somatik Inc.

171041 | 171042

**From:** Chris Schroeder (Somatik) <chris@somatik.us>  
**Sent:** Sunday, October 22, 2017 1:37 PM  
**To:** Clayton Coker; Somera, Alisa (BOS); Major, Erica (BOS); Mahajan, Menaka (ECN); Office of Cannabis (ADM); SBC (ECN)  
**Cc:** Peskin, Aaron (BOS); Safai, Ahsha (BOS); Ronen, Hillary; Kim, Jane (BOS); Sheehy, Jeff (BOS); Tang, Katy (BOS); Breed, London (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Yee, Norman (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Heya Small Business Commission, Office of Cannabis, and Board of Supervisors,

My name is Chris Schroeder, the founder of Somatik, a local Cannabis business in San Francisco. We are members of SF Made and advocates of a diverse SF economy. Thank you so much for your willingness to help usher legal cannabis businesses into San Francisco — we couldn't do it without your support.

I'm writing to support a two-step registration process as outlined in the Office of Small Business staff report. Here's an example of our suggested process:

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.

We also hope it will be possible to share a space/address with other manufacturers or other cannabis businesses. The cannabis industry should mirror the food industry where caterers and food producers can share rental space in the same kitchen.

The real estate market in SF can be prohibitively expensive to. Small business. We are a new, not yet profitable business and we're excited to be a permitted cannabis business helping to diversify San Francisco's economy. We need your help to ensure small businesses can not only survive, but thrive in San Francisco. Thank you for your time. I'll see some of you at tomorrow's SBC meeting.

Sincerely  
Chris Schroeder

Somatik Inc.  
[www.somatik.us](http://www.somatik.us)

--  
-Chris Schroeder

Founder, Somatik Inc.  
[www.somatik.us](http://www.somatik.us)  
415-342-3565

171041 / 171042

**From:** jmeds1@yahoo.com  
**Sent:** Sunday, October 22, 2017 1:44 PM  
**To:** Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Major, Erica (BOS); Office of Cannabis (ADM); Somera, Alisa (BOS); Somera, Alisa (BOS); SBC (ECN); Mahajan, Menaka (ECN)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

*Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,*

*My name is Jeffrey and*

*I am writing in support of the two-step registration process suggestion outlined in the Office of Small Business staff report.*

**Step 1:** *ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).*

**Step 2:** *Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.*

*Additionally,*

*It should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen. The rental market in SF is, as you know, prohibitively expensive, and I am not even breaking even yet as it is. There has to be a way to help small businesses make it work.*

*Sincerely*

*Jeffrey Kolsky  
Director J MEDS*

171041 | 171042

**From:** MoonMan's Mistress <moonmansmistress@gmail.com>  
**Sent:** Sunday, October 22, 2017 2:02 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Office of Cannabis (ADM); alisasomera@sfgov.org; Major, Erica (BOS); Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); hillary.ronen@sfgv.org; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,

My name is Jamel Ramiro and Liz Rudner, Co-Founders of MoonMan's Mistress, an edible manufacturer based out of San Francisco and we agree with the Small Business commission's suggested 2 step registration process.

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance. Additionally, it should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen. The rental market in SF is, as you know, prohibitively expensive, and I am not even breaking even yet as it is. There has to be a way to help small businesses make it work.

We truly appreciate your consideration and support as a very small business in this industry doing it's best to stay compliant with all the rules and regulations. Thank you.

Sincerely,

Jamel Ramiro & Liz Rudner  
Co-Founders, MoonMan's Mistress  
[www.moonmansmistress.com](http://www.moonmansmistress.com)  
--  
[www.moonmansmistress.com](http://www.moonmansmistress.com)  
instagram [@moonmansmistress](https://www.instagram.com/moonmansmistress)  
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October 18, 2017

Mayor Edwin M. Lee  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 200  
San Francisco, CA 94102

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

San Francisco Planning Commission  
1650 Mission Street, Suite 400  
San Francisco, CA 94103

Nicole Elliott, Director  
San Francisco Office of Cannabis  
1 Dr. Carlton B. Goodlett Place  
City Hall  
San Francisco, CA 94102

**BOARD  
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Co-Chair

Duncan Ley  
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Anthony Black  
Director

Guy Carson  
Director

Andy Chun  
Director

Steven Lee  
Director

Jeremy Siegel  
Executive Director

John Hinman  
General Counsel

Subject: **Draft Ordinances on Cannabis**

Dear Mayor Lee, Director Elliot, Supervisors, and Planning Commissioners,

The California Music and Culture Association (“CMAC”) advocates for nightlife, the arts, and responsible social consumption of cannabis in San Francisco. As a trade organization based in San Francisco and made up venue owners and operators, many of whom have been actively watching the City’s efforts to regulate adult use cannabis sales and consumption, CMAC would like to raise a number of concerns its members have with the draft cannabis ordinances.

**1. Consumption Limitations**

The draft ordinances make it very difficult to safely consume cannabis in San Francisco. It is already illegal to smoke in parks, on most sidewalks, in a car, and in many apartments. San Francisco’s many public housing residents, some of the City’s most vulnerable citizens, are not allowed to consume in their homes by federal law. Tourists to San Francisco are foreclosed from consuming in their hotels and in public spaces.

In the ordinances’ draft form, only currently-operating medical cannabis dispensaries that have previously received authorization for on-site consumption will be permitted to allow on-site consumption. This, plus the requirement that all consumption take place in areas that are not visible to the public means that cannabis is still being relegated to dark back rooms. **If San Francisco is going to embrace the cannabis industry, these consumption restrictions will stand firmly in the way of normalization.**

Absent more permitted locations for consumption, San Francisco residents and visitors will either consume in public, or be forced to hide in their homes. If San Francisco is committed to being a destination for responsible consumption of regulated cannabis, those that wish to partake should not have to struggle to find a place to do so.

CMAC is not calling for consumption in public, as that will only exacerbate concerns about youth exposure and likely perpetuate the disproportionate police enforcement against people of color. Rather, CMAC hopes that San Francisco can instead establish rational regulations that will begin to remove the stigma that surrounds cannabis consumption. Possible avenues would be loosening the restrictions on where cannabis can be consumed on licensed premises, or the creation of a consumption-only permit for businesses that do not sell cannabis but operate the types of establishments that cater to

PO Box 77406  
San Francisco, CA  
94107

[info@CMACsf.org](mailto:info@CMACsf.org)  
[www.CMACsf.org](http://www.CMACsf.org)

consumers who might be interested in consuming cannabis on-site. Denver's pilot program is a potential route. CMAC is eager to play an active role in helping determine the best path forward for San Francisco. **Without more consumption lounges or accessory use consumption permits, legalization will be illusory at best.**

2. **Adult Use Permits in place in time for Canna-tourism**

January 1, 2018 is fast approaching, and with it, millions of tourists to San Francisco are going to be expecting convenient access to legal adult-use cannabis. With no clear guidance on when adult-use permits will be issued, and the requirement that a business be an already-operating medical retailer prior to applying for an adult-use permit, San Francisco is poised to start the year with no licensed adult-use retailers. **Instead of leading California's regulated cannabis industry, San Francisco will instead be viewed as a restrictive and unwelcoming city, and will push investment, tax, and tourism dollars elsewhere.**

CMAC is also concerned that without sufficient licensed adult-use cannabis retailers, tourists who travel to San Francisco expecting to purchase (and consume) cannabis will simply look elsewhere. This means that the black market, the segment of the industry that regulation is striving to abolish, will instead thrive. San Francisco should have a clear plan to ensure that come January 1, 2018, consumers will have safe and regulated options for adult-use cannabis. **CMAC would recommend the creation of a temporary adult-use permit for currently-operating medical cannabis retailers.** A temporary permit such as this would not guarantee permanent privileges, but would guarantee that San Francisco will be in the position to support a safe, regulated adult-use market from the outset.

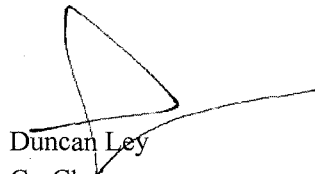
We are eager to work with you to refine the proposed cannabis regulations and prepare San Francisco for what will hopefully be a positive addition to the economy and culture of this great city.

Thank you for your leadership in supporting San Francisco's neighborhoods and small businesses.

Very truly yours,



Ben Bleiman  
Co-Chair  
CMAC



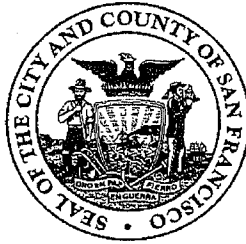
Duncan Ley  
Co-Chair  
CMAC

Co-signing organizations:

**GOLDEN GATE  
RESTAURANT  
ASSOCIATION**  
est: 1936

Gwyneth Borden, Executive Director

BOARD of SUPERVISORS



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

October 4, 2017

File No. 171042

Lisa Gibson  
Acting Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

On September 26, 2017, Mayor Lee introduced the following proposed legislation:

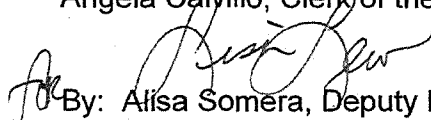
**File No. 171042**

**Ordinance amending the Administrative, Business and Tax Regulations, Health, and Police Codes to comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis by, among other things: 1) requiring businesses that engage in commercial cannabis activities to obtain a permit from the Office of Cannabis; 2) requiring the Director of the Office of Cannabis to establish an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry; 3) defining eligibility for temporary and permanent cannabis business permits; 4) establishing priorities for the review of cannabis business permit applications; 5) establishing operating standards for cannabis businesses; 6) establishing criteria for granting, denying, suspending, and revoking cannabis business permits; 7) incorporating state law governing commercial cannabis activities into local law for enforcement purposes; 8) authorizing the imposition of fines and penalties for violation of local and state laws governing cannabis businesses, and establishing procedures by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the smoking and vaping of cannabis on the premises of all cannabis businesses, except select Medicinal Cannabis Retailers, as authorized by the Department of Public Health; 10) prohibiting the consumption of cannabis and cannabis products, other than by smoking or vaping, on the premises of all cannabis businesses, except Storefront**

**Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing the Director of Cannabis to extend the prohibition on tours, or establish guidelines for the operation of tours; 12) establishing a sunset date of March 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); and 13) eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to state and federal officials requesting that cannabis be regulated and taxed; and affirming the Planning Department's determination under the California Environmental Quality Act.**

This legislation is being transmitted to you for environmental review.

Angela Catvillo, Clerk of the Board

  
By: Alisa Somera, Deputy Director  
Rules Committee

Attachment

- c: Joy Navarrete, Environmental Planning
- Laura Lynch, Environmental Planning

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c) (2) because it does not result in a physical change in the environment.

**REVIEWED**

By Joy Navarrete at 11:15 am, Oct 04, 2017

BOARD of SUPERVISORS



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

October 4, 2017

File No. 171042

Lisa Gibson  
Acting Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

On September 26, 2017, Mayor Lee introduced the following proposed legislation:

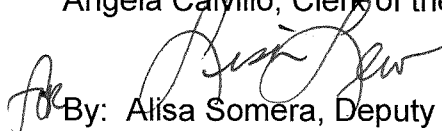
**File No. 171042**

**Ordinance amending the Administrative, Business and Tax Regulations, Health, and Police Codes to comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis by, among other things: 1) requiring businesses that engage in commercial cannabis activities to obtain a permit from the Office of Cannabis; 2) requiring the Director of the Office of Cannabis to establish an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry; 3) defining eligibility for temporary and permanent cannabis business permits; 4) establishing priorities for the review of cannabis business permit applications; 5) establishing operating standards for cannabis businesses; 6) establishing criteria for granting, denying, suspending, and revoking cannabis business permits; 7) incorporating state law governing commercial cannabis activities into local law for enforcement purposes; 8) authorizing the imposition of fines and penalties for violation of local and state laws governing cannabis businesses, and establishing procedures by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the smoking and vaping of cannabis on the premises of all cannabis businesses, except select Medicinal Cannabis Retailers, as authorized by the Department of Public Health; 10) prohibiting the consumption of cannabis and cannabis products, other than by smoking or vaping, on the premises of all cannabis businesses, except Storefront**

**Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing the Director of Cannabis to extend the prohibition on tours, or establish guidelines for the operation of tours; 12) establishing a sunset date of March 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); and 13) eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to state and federal officials requesting that cannabis be regulated and taxed; and affirming the Planning Department's determination under the California Environmental Quality Act.**

This legislation is being transmitted to you for environmental review.

Angela Catillo, Clerk of the Board

  
By: Alisa Somera, Deputy Director  
Rules Committee

Attachment

c: Joy Navarrete, Environmental Planning  
Laura Lynch, Environmental Planning

BOARD of SUPERVISORS



City Hall  
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:  Alisa Somera, Deputy Director  
Rules Committee

DATE: October 4, 2017

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Rules Committee

The Board of Supervisors' Rules 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. 171042**

**Ordinance amending the Administrative, Business and Tax Regulations, Health, and Police Codes to comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis by, among other things: 1) requiring businesses that engage in commercial cannabis activities to obtain a permit from the Office of Cannabis; 2) requiring the Director of the Office of Cannabis to establish an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry; 3) defining eligibility for temporary and permanent cannabis business permits; 4) establishing priorities for the review of cannabis business permit applications; 5) establishing operating standards for cannabis businesses; 6) establishing criteria for granting, denying, suspending, and revoking cannabis business permits; 7) incorporating state law governing commercial cannabis activities into local law for enforcement purposes; 8) authorizing the imposition of fines and penalties for violation of local and state laws governing cannabis businesses, and establishing procedures by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the smoking and vaping of cannabis on the premises of all cannabis businesses, except select Medicinal Cannabis Retailers, as**

authorized by the Department of Public Health; 10) prohibiting the consumption of cannabis and cannabis products, other than by smoking or vaping, on the premises of all cannabis businesses, except Storefront Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing the Director of Cannabis to extend the prohibition on tours, or establish guidelines for the operation of tours; 12) establishing a sunset date of March 31, 2018, for Article 33 of the Health Code (“Medical Cannabis Act”); and 13) eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to state and federal officials requesting that cannabis be regulated and taxed; 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: Menaka Mahajan, Small Business Commission



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: Barbara A. Garcia, Director, Department of Public Health  
William Scott, Police Chief, Police Department  
Vicki Hennessy, Sheriff, Sheriff's Department  
Nicole Elliott, Director, Office of Cannabis  
Joanne Hayes-White, Chief, Fire Department  
Tom Hui, Director, Department of Building Inspection  
Cynthia Goldstein, Executive Director, Board of Appeals

FROM: *el*  
*for* Alisa Somera, Deputy Director  
Rules Committee

DATE: October 4, 2017

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Rules Committee has received the following proposed legislation, introduced by Mayor Lee on September 26, 2017:

**File No. 171042**

**Ordinance amending the Administrative, Business and Tax Regulations, Health, and Police Codes to comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis by, among other things: 1) requiring businesses that engage in commercial cannabis activities to obtain a permit from the Office of Cannabis; 2) requiring the Director of the Office of Cannabis to establish an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry; 3) defining eligibility for temporary and permanent cannabis business permits; 4) establishing priorities for the review of cannabis business permit applications; 5) establishing operating standards for cannabis businesses; 6) establishing criteria for granting, denying, suspending, and revoking cannabis business permits; 7) incorporating state law governing commercial cannabis activities into local law for enforcement purposes; 8) authorizing the imposition of fines and penalties for violation of local and**

state laws governing cannabis businesses, and establishing procedures by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the smoking and vaping of cannabis on the premises of all cannabis businesses, except select Medicinal Cannabis Retailers, as authorized by the Department of Public Health; 10) prohibiting the consumption of cannabis and cannabis products, other than by smoking or vaping, on the premises of all cannabis businesses, except Storefront Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing the Director of Cannabis to extend the prohibition on tours, or establish guidelines for the operation of tours; 12) establishing a sunset date of March 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); and 13) eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to state and federal officials requesting that cannabis be regulated and taxed; and affirming the Planning Department's determination under the California Environmental Quality Act.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [alisa.somera@sfgov.org](mailto:alisa.somera@sfgov.org).


c: Greg Wagner, Department of Public Health  
Colleen Chawla, Department of Public Health  
Rowena Carr, Police Department  
Theodore Toet, Sheriff's Department  
Katherine Gorwood, Sheriff's Department  
Eileen Hirst, Sheriff's Department  
Kelly Alves, Fire Department  
William Strawn, Department of Building Inspection  
Carolyn Jayin, Department of Building Inspection  
Gary Cantara, Board of Appeals

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE

RECEIVED  
OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS  
SAN FRANCISCO  
2017 OCT 24 PM 4:57

 TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Mayor Edwin M. Lee  
RE: Substitute Ordinance – File 171042 - Various Codes - Regulation of Cannabis Businesses  
DATE: October 24, 2017

Attached for introduction to the Board of Supervisors is a substitute ordinance amending the Administrative, Business and Tax Regulations, Health, and Police Codes to comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis by, among other things: 1) requiring businesses that engage in commercial cannabis activities to obtain a permit from the Office of Cannabis; 2) requiring the Director of the Office of Cannabis to establish an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry; 3) defining eligibility for temporary and permanent cannabis business permits; 4) establishing priorities for the review of cannabis business permit applications; 5) establishing operating standards for cannabis businesses; 6) establishing criteria for granting, denying, suspending, and revoking cannabis business permits; 7) incorporating state law governing commercial cannabis activities into local law for enforcement purposes; 8) authorizing the imposition of fines and penalties for violation of local and state laws governing cannabis businesses, and establishing procedures by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the smoking and vaping of cannabis on the premises of all cannabis businesses, except select Medicinal Cannabis Retailers, as authorized by the Department of Public Health; 10) prohibiting the consumption of cannabis and cannabis products, other than by smoking or vaping, on the premises of all cannabis businesses, except Storefront Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing the Director of Cannabis to extend the prohibition on tours, or establish guidelines for the operation of tours; 12) prohibiting the acceptance of new applications for medical cannabis dispensary permits, effective January 1, 2018; 13) prohibiting medical cannabis dispensaries from cultivating cannabis under the authority of a medical cannabis dispensary permit, effective April 1, 2018; 14) establishing a sunset date of December 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); and 15) eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to state and federal officials requesting that cannabis be regulated and taxed; and affirming the Planning Department's determination under the California Environmental Quality Act.

I respectfully request that this item be heard in Land Use Committee.

Please note that this legislation is co-sponsored by Supervisor Sheehy.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200  
SAN FRANCISCO, CALIFORNIA 94102-4681  
TELEPHONE: (415) 554-6141

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2017 SEP 26 PM 4:13

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: <sup>for</sup> Mayor Edwin M. Lee  
RE: Various Codes - Regulation of Cannabis Businesses  
DATE: September 26, 2017

AK

Attached for introduction to the Board of Supervisors is a ordinance amending the Administrative, Business and Tax Regulations, Health, and Police Codes to comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis by, among other things: 1) requiring businesses that engage in commercial cannabis activities to obtain a permit from the Office of Cannabis; 2) requiring the Director of the Office of Cannabis to establish an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry; 3) defining eligibility for temporary and permanent cannabis business permits; 4) establishing priorities for the review of cannabis business permit applications; 5) establishing operating standards for cannabis businesses; 6) establishing criteria for granting, denying, suspending, and revoking cannabis business permits; 7) incorporating state law governing commercial cannabis activities into local law for enforcement purposes; 8) authorizing the imposition of fines and penalties for violation of local and state laws governing cannabis businesses, and establishing procedures by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the smoking and vaping of cannabis on the premises of all cannabis businesses, except select Medicinal Cannabis Retailers, as authorized by the Department of Public Health; 10) prohibiting the consumption of cannabis and cannabis products, other than by smoking or vaping, on the premises of all cannabis businesses, except Storefront Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing the Director of Cannabis to extend the prohibition on tours, or establish guidelines for the operation of tours; 12) establishing a sunset date of March 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); and 13) eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to state and federal officials requesting that cannabis be regulated and taxed; and affirming the Planning Department's determination under the California Environmental Quality Act.

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Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.