

18104/

File No. \_\_\_\_\_

Committee Item No. 4

Board Item No. 9

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Rules Committee

Date October 24, 2018

Board of Supervisors Meeting

Date 11/13/18

#### 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 checked="" type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input checked="" 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 checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Memorandum of Understanding (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 type="checkbox"/>            | <input type="checkbox"/>            | Form 700                                     |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Vacancy Notice                               |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Information Sheet                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

OTHER (Use back side if additional space is needed)

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Completed by: Alisa Somera Date October 19, 2018

Completed by: v yamy Date 10/25/18

1 [Police and Health Codes - Regulation of Cannabis Businesses]

2  
3 Ordinance amending the Police Code to extend by one year the possible duration of a  
4 Temporary Cannabis Business Permit; and amending the Health Code to increase,  
5 from 90 days to 120 days, the time period that the Director of the Office of Cannabis  
6 may extend a medical cannabis dispensary's authorization to Sell Adult Use Cannabis,  
7 and extending by one year to December 31, 2019 the date on which Article 33 (Medical  
8 Cannabis Act) expires. ~~Ordinance amending the Police Code by making a number of~~  
9 ~~changes in the regulation of commercial cannabis activity, including, among other~~  
10 ~~things: 1) defining ownership interest for purposes of the Equity Program in a~~  
11 ~~Cannabis Business; 2) modifying the Cannabis Equity Incubator Program~~  
12 ~~requirements; 3) extending by one year the possible duration of a Temporary Cannabis~~  
13 ~~Business Permit; 4) authorizing the Director of the Office of Cannabis to issue~~  
14 ~~Cannabis Business Permits to Medical Cannabis Dispensaries forced to discontinue~~  
15 ~~operations due to a no-fault lease termination before December 31, 2018; 5) modifying~~  
16 ~~the order in which the Director may review and process Cannabis Business Permit~~  
17 ~~applications; 6) revising requirements associated with a Cannabis Business' change in~~  
18 ~~ownership and structure requiring Cannabis Business permit amendments when a~~  
19 ~~change in ownership results in a decrease in an Equity Applicant's Ownership Interest~~  
20 ~~or role in the Cannabis Business; 7) revising Cannabis Business Permit application~~  
21 ~~requirements; 8) requiring Cannabis Businesses to comply with all permit conditions~~  
22 ~~whether or not they are currently engaging in the permitted activity; 9) modifying the~~  
23 ~~amount of Cannabis that may be delivered or sold to a customer; and 10) authorizing~~  
24 ~~Cannabis Microbusinesses to conduct either storefront or delivery sales, but not both,~~  
25 ~~and reducing from four to three the categories of Commercial activity required to~~

1 operate as a Cannabis Microbusiness; and amending the Health Code by revising  
2 eligibility requirements for medical cannabis dispensaries seeking authorization to Sell  
3 Adult Use Cannabis, and extending by one year to December 31, 2019 the date on  
4 which Article 33 (Medical Cannabis Act) expires.

5  
6 NOTE: Unchanged Code text and uncodified text are in plain Arial font.  
7 Additions to Codes are in *single-underline italics Times New Roman font*.  
8 Deletions to Codes are in *strikethrough italics Times New Roman font*.  
9 Board amendment additions are in double-underlined Arial font.  
10 Board amendment deletions are in ~~strikethrough Arial font~~.  
11 Asterisks (\* \* \* \*) indicate the omission of unchanged Code  
12 subsections or parts of tables.

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

14 Section 1. As introduced, this ordinance proposed revising Administrative Code  
15 Sections 1602, 1604, 1605, 1606, 1608, 1609, 1613, 1615, 1618, 1622, 1627, 1628, 1629,  
16 and 1634 and Health Code Sections 3322 and 3323. At its regular meeting on October 24,  
17 2018, the Board of Supervisors Rules Committee duplicated the file, and amended this  
18 ordinance to remove the amendments to Administrative Code Sections 1602, 1604, 1606,  
19 1608, 1609, 1613, 1615, 1618, 1622, 1627, 1628, 1629, and 1634 such that this ordinance  
20 amends only Administrative Code Sections 1605 and Health Code Sections 3322 and 3323.

21 Section 2. Article 16 of the Police Code is hereby amended by revising Section 1605,  
22 to read as follows:

23  
24 **SEC. 1605. TRANSITION PROVISION.**

25 \* \* \* \*

1 (h) **Duration.** A Temporary Cannabis Business Permit issued under this Section 1605  
2 shall be valid for a period of 120 days and may be extended for additional ~~12090~~-day periods  
3 at the discretion of the Director. Notwithstanding the prior sentence, the Director shall not  
4 issue a new temporary permit after January 1, 2019, and shall not extend the term of a  
5 Temporary Cannabis Business Permit issued to an applicant for a Cannabis Business Permit under  
6 this Article 16 past ~~January~~ December 31, 2019.

7 \* \* \* \*

8  
9 Section 3. Article 33 of the Health Code is hereby amended by revising Sections 3322  
10 and 3323, to read as follows:

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

13  
14 \* \* \* \*

15 (e) The Director may extend the authorization to Sell Adult Use Cannabis for additional  
16 ~~12090~~-day periods beyond the 120-day period set forth in subsection (d) of this Section 3322  
17 upon a finding that:

18 (1) The Office of Cannabis has not had sufficient time to review and process  
19 applications for Cannabis Business Permits under Article 16 of the Police Code; and

20 (2) The medical cannabis dispensary has demonstrated good faith compliance  
21 with its Equity Plan to the satisfaction of the Director of the Office of Cannabis.

22 The Director's authority under this subsection (~~ef~~) to extend ~~12090~~-day periods for  
23 authorization to sell Adult Use Cannabis may be exercised only at intervals of approximately  
24 ~~12090~~ days, as to each distinct ~~12090~~-day period. Thus, for example, the Director may not  
25

1 simultaneously authorize two consecutive ~~12090~~-day extensions for the same medical  
2 cannabis dispensary.

3  
4 **SEC. 3323. SUNSET PROVISION.**

5 This Article 33 shall expire by operation of law on December 31, ~~201918~~, *at which time*  
6 *all* permits authorizing the operation of a Medical Cannabis Dispensary issued under this  
7 Article 33 shall be rendered invalid *after December 31, 2018, except for those permits issued under*  
8 *this Article 33 where the permit holder has applied for a Police Code Article 16 permit, which shall be*  
9 *rendered invalid on December 31, 2019.* Upon expiration of the Article, the City Attorney shall  
10 cause it to be removed from the Health Code.

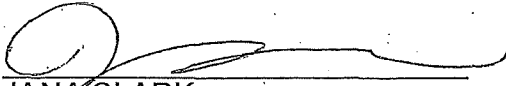
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12 **Section 4. Effective Date.**

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

17  
18 **Section 5. Scope of Ordinance.** In enacting this ordinance, the Board of Supervisors  
19 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
20 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
21 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
22 additions, and Board amendment deletions in accordance with the "Note" that appears under  
23 the official title of the ordinance.

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

By:   
JANA CLARK  
Deputy City Attorney

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LEGISLATIVE DIGEST

[Police and Health Codes - Regulation of Cannabis Businesses]

Ordinance amending the Police Code to extend by one year the possible duration of a Temporary Cannabis Business Permit; and amending the Health Code to increase, from 90 days to 120 days, the time period that the Director of the Office of Cannabis may extend a medical cannabis dispensary's authorization to Sell Adult Use Cannabis, and extending by one year to December 31, 2019 the date on which Article 33 (Medical Cannabis Act) expires. Ordinance amending the Police Code by making a number of changes in the regulation of commercial cannabis activity, including, among other things: 1) defining ownership interest for purposes of the Equity Program in a Cannabis Business; 2) modifying the Cannabis Equity Incubator Program requirements; 3) extending by one year the possible duration of a Temporary Cannabis Business Permit; 4) authorizing the Director of the Office of Cannabis to issue Cannabis Business Permits to Medical Cannabis Dispensaries forced to discontinue operations due to a no-fault lease termination before December 31, 2018; 5) modifying the order in which the Director may review and process Cannabis Business Permit applications; 6) revising requirements associated with a Cannabis Business' change in ownership and structure requiring Cannabis Business permit amendments when a change in ownership results in a decrease in an Equity Applicant's Ownership Interest or role in the Cannabis Business; 7) revising Cannabis Business Permit application requirements; 8) requiring Cannabis Businesses to comply with all permit conditions whether or not they are currently engaging in the permitted activity; 9) modifying the amount of Cannabis that may be delivered or sold to a customer; and 10) authorizing Cannabis Microbusinesses to conduct either storefront or delivery sales, but not both, and reducing from four to three the categories of Commercial activity required to operate as a Cannabis Microbusiness; and amending the Health Code by revising eligibility requirements for medical cannabis dispensaries seeking authorization to Sell Adult Use Cannabis, and extending by one year to December 31, 2019 the date on which Article 33 (Medical Cannabis Act) expires.

Existing Law

Police Code Article 16 and Health Code Article 33 govern the regulation of commercial cannabis. Existing law authorizes the Director of the Office of Cannabis ("Director") to issue Temporary Cannabis Permits and to extend the time that a medical cannabis dispensary may sell Adult Use Cannabis for 90 days. Finally, existing law defines the date on which Article 33, which regulates Medicinal Cannabis, expires.

FILE NO.

Amendments to Current Law

This ordinance amends the Police and Health Codes by extending by one year the possible duration of a Temporary Cannabis Permit and permitting the Director to increase from 90 days to 120 days the time during which a medical cannabis dispensary may sell Adult Use Cannabis. Finally, this ordinance extends by one year the date on which Article 33 expires by law.

Background

As first introduced, this ordinance proposed amending the Police and Health Codes by making a number of changes in the regulation of commercial cannabis activity. At its regular meeting on October 24, 2018, the Board of Supervisors Rules Committee duplicated the file, and amended this ordinance to remove all but three of the amendments.

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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: *AS* Alisa Somera, Legislative Deputy Director  
Rules Committee

DATE: September 25, 2018

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. 180912

Ordinance amending the Police Code by making a number of changes in the regulation of commercial cannabis activity, including, among other things: 1) defining ownership interest in a Cannabis Business; 2) modifying the Cannabis Equity Incubator Program requirements; 3) extending by one year the possible duration of a Temporary Cannabis Business Permit; 4) authorizing the Director of the Office of Cannabis to issue Cannabis Business Permits to Medical Cannabis Dispensaries forced to discontinue operations due to a no-fault lease termination before December 31, 2018; 5) modifying the order in which the Director may review and process Cannabis Business Permit applications; 6) requiring Cannabis Business permit amendments when a change in ownership results in a decrease in an Equity Applicant's Ownership Interest or role in the Cannabis Business; 7) revising Cannabis Business Permit application requirements; 8) requiring Cannabis Businesses to comply with all permit conditions whether or not they are currently engaging in the permitted activity; 9) modifying the amount of Cannabis that may be delivered or sold to a customer; and 10) authorizing Cannabis Microbusinesses to conduct either storefront or delivery sales, but not both, and reducing from four to three the categories of Commercial activity required to operate as a Cannabis Microbusiness; and amending the Health Code by extending by one year the date on which Article 33 (Medical Cannabis Act) expires by law.

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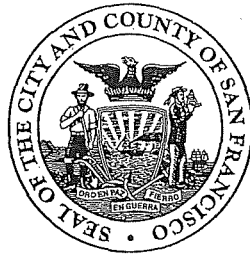
**RESPONSE FROM SMALL BUSINESS COMMISSION - Date:** \_\_\_\_\_

**No Comment**

**Recommendation Attached**

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

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: Nicole Elliott, Director, Office of Cannabis  
Greg Wagner, Acting Director, Department of Public Health  
William Scott, Police Chief, Police Department

FROM: *AS* Alisa Somera, Legislative Deputy Director  
Rules Committee

DATE: September 25, 2018

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee has received the following proposed legislation, introduced by Mayor Breed on September 18, 2018:

**File No. 180912**

Ordinance amending the Police Code by making a number of changes in the regulation of commercial cannabis activity, including, among other things: 1) defining ownership interest in a Cannabis Business; 2) modifying the Cannabis Equity Incubator Program requirements; 3) extending by one year the possible duration of a Temporary Cannabis Business Permit; 4) authorizing the Director of the Office of Cannabis to issue Cannabis Business Permits to Medical Cannabis Dispensaries forced to discontinue operations due to a no-fault lease termination before December 31, 2018; 5) modifying the order in which the Director may review and process Cannabis Business Permit applications; 6) requiring Cannabis Business permit amendments when a change in ownership results in a decrease in an Equity Applicant's Ownership Interest or role in the Cannabis Business; 7) revising Cannabis Business Permit application requirements; 8) requiring Cannabis Businesses to comply with all permit conditions whether or not they are currently engaging in the permitted activity; 9) modifying the amount of Cannabis that may be delivered or sold to a customer; and 10) authorizing Cannabis Microbusinesses to conduct either storefront or delivery sales, but not both, and reducing from four to three the categories of Commercial activity required to operate as a Cannabis Microbusiness; and amending the Health Code by extending by one year the date on which Article 33 (Medical Cannabis Act) expires by law.

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: Ray Law, Office of Cannabis  
Naveena Bobba, Department of Public Health  
Sneha Patil, Department of Public Health  
Rowena Carr, Police Department  
Asja Steeves, Police Department

OFFICE OF THE MAYOR  
SAN FRANCISCO



LONDON N. BREED  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Mayor London Breed *LNB*  
RE: Police and Health Codes - Regulation of Cannabis Businesses  
DATE: September 18, 2018

BOARD OF SUPERVISORS  
SAN FRANCISCO  
2018 SEP 18 PM 3:57  
BY *[Signature]*

**Ordinance amending the Police Code by making a number of changes in the regulation of commercial cannabis activity, including, among other things: 1) defining ownership interest in a Cannabis Business; 2) modifying the Cannabis Equity Incubator Program requirements; 3) extending by one year the possible duration of a Temporary Cannabis Business Permit; 4) authorizing the Director of the Office of Cannabis to issue Cannabis Business Permits to Medical Cannabis Dispensaries forced to discontinue operations due to a no-fault lease termination before December 31, 2018; 5) modifying the order in which the Director may review and process Cannabis Business Permit applications; 6) requiring Cannabis Business permit amendments when a change in ownership results in a decrease in an Equity Applicant's Ownership Interest or role in the Cannabis Business; 7) revising Cannabis Business Permit application requirements; 8) requiring Cannabis Businesses to comply with all permit conditions whether or not they are currently engaging in the permitted activity; 9) modifying the amount of Cannabis that may be delivered or sold to a customer; and 10) authorizing Cannabis Microbusinesses to conduct either storefront or delivery sales, but not both, and reducing from four to three the categories of Commercial activity required to operate as a Cannabis Microbusiness; and amending the Health Code by extending by one year the date on which Article 33 (Medical Cannabis Act) expires by law.**

Please note that Supervisor Mandelman and Supervisor Cohen are co-sponsors of this ordinance.

Should you have any questions, please contact Kanishka Karunaratne Cheng at 415-269-1819.

