

BOARD of SUPERVISORS



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

MEMORANDUM

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

FROM: John Carroll, Assistant Clerk, Public Safety and Neighborhood Services
Committee, Board of Supervisors

DATE: July 17, 2019

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Public Safety and Neighborhood Services Committee

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

File No. 190756

Ordinance amending the Police Code to require that cannabis retailers at permitted events hold Cannabis Business Permits issued by the City, that applicants for Cannabis Event Permits identify the retailers that will be selling cannabis goods at such events and affirm that said retailers hold City-issued Cannabis Business Permits, and that recipients of Cannabis Event Permits take steps to reasonably ensure that only said retailers will sell cannabis goods at such events; to provide that a material false statement made in connection with an application for a Cannabis Event Permit may be subject to administrative penalty, cause for denial of a pending or future application for a Cannabis Business Permit, and cause for suspension or revocation of an existing Cannabis Business Permit; 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, California 94102.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

No Comment

Recommendation Attached

Chairperson, Small Business Commission

1 [Police Code - Cannabis Retailers at Permitted Cannabis Events]

2
3 **Ordinance amending the Police Code to require that cannabis retailers at permitted**
4 **events hold Cannabis Business Permits issued by the City, that applicants for**
5 **Cannabis Event Permits identify the retailers that will be selling cannabis goods at**
6 **such events and affirm that said retailers hold City-issued Cannabis Business Permits,**
7 **and that recipients of Cannabis Event Permits take steps to reasonably ensure that**
8 **only said retailers will sell cannabis goods at such events; to provide that a material**
9 **false statement made in connection with an application for a Cannabis Event Permit**
10 **may be subject to administrative penalty, cause for denial of a pending or future**
11 **application for a Cannabis Business Permit, and cause for suspension or revocation of**
12 **an existing Cannabis Business Permit; and affirming the Planning Department's**
13 **determination under the California Environmental Quality Act.**

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

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

22 Section 1. Environmental Findings.

23 The Planning Department has determined that the actions contemplated in this
24 ordinance comply with the California Environmental Quality Act (California Public Resources
25 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of

1 Supervisors in File No. _____ and is incorporated herein by reference. The Board affirms
2 this determination.

3
4 Section 2. Background, Findings, and Purpose.

5 (a) Events involving the sale or consumption of cannabis on-site require both a
6 temporary cannabis event license and a cannabis organizer license issued by the state of
7 California, as well as authorization from the local jurisdiction. Event organizers may then
8 provide for cannabis sales by retailers licensed by the state of California at the permitted
9 event.

10 (b) In March 2019, the City enacted Ordinance No. 58-19, authorizing the issuance
11 of Cannabis Event Permits. Prior to the enactment of this permitting scheme for cannabis
12 events, unregulated sales and use of cannabis had occurred at San Francisco events,
13 resulting in the use of cannabis by minors at such events, and in people falling ill after
14 consuming tainted and/or laced cannabis products at such events.

15 (c) To reduce the risk at San Francisco events of public health and safety hazards
16 such as the use of cannabis by minors and the sale and use of unsafe cannabis products, it is
17 in the public interest to limit cannabis retailers at San Francisco events to those retailers that
18 hold a City-issued Cannabis Business Permit. This limitation will ensure that event retailers
19 have been thoroughly vetted by the City, as part of the City's consideration of their
20 applications for Cannabis Business Permits, and have been entrusted by the City on a
21 permanent basis with the responsible operation of a Cannabis Business. Further, this
22 limitation will promote compliance with public safety requirements and other rules governing
23 the sale and use of cannabis at events because the City will have the capacity to sanction
24 violations by suspending or revoking the retailer's Cannabis Business Permit.

1 Section 3. Article 16 of the Police Code is hereby amended by revising Section
2 1621.5, to read as follows:

3
4 **SEC. 1621.5. EVENTS.**

5 * * * *

6 (b) **Applications.** Each applicant for a Cannabis Event Permit shall file an
7 application with the Director in such form as the Director may require, and provide the Director
8 with a list that conforms to subsection (d) below of all individuals and entities that will provide onsite
9 sales of cannabis goods at the proposed event, and any requested information concerning the
10 applicant and related Persons, the proposed event, and other subjects that the Director
11 deems relevant to the proposed event. Additionally, each applicant shall pay the application
12 fee set forth in Section 249.20 of the Business and Tax Regulations Code.

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

16 (d) **Qualifications for Retailers.** Only individuals or entities that hold a Cannabis Business
17 Permit, or an individual employed by a Cannabis Business Permit holder acting as an agent of that
18 permit holder, may provide onsite sales of cannabis goods at the event, and only if said individuals
19 and/or entities have been identified in the application for the Cannabis Event Permit. For purposes of
20 this section, a "Cannabis Business Permit" shall include both a Cannabis Business Permit as defined
21 in Section 1602 of this Code, and a Medical Cannabis Dispensary Permit issued under Article 33 of the
22 Health Code that includes the authorization to Sell Adult Use Cannabis set forth in Section 3322(d),
23 (e), and (f) of the Health Code. A Cannabis Event Permit may not be issued to an applicant unless the
24 applicant identifies the individuals and/or entities that will provide onsite sales of cannabis goods at
25 the event and affirms that said individuals and/or entities either hold a Cannabis Business Permit or

1 are employed by a holder of a Cannabis Business Permit and will be acting as an agent of that permit
2 holder.

3 (e) Concurrence of Relevant City Departments. Whenever any other City
4 department, office, agency, committee, commission, or official, or combination thereof
5 (collectively, "City entity") has issued a permit in connection with a temporary event, or has
6 received an application for such a permit, or otherwise has the authority to issue permits or
7 other approvals necessary for a temporary event, and an applicant seeks a Cannabis Event
8 Permit in connection with that event, the Director shall consult with each such City entity
9 before issuing any Cannabis Event Permit. In each such case, the Director shall not issue a
10 Cannabis Event Permit unless each City entity determines, under the criteria it may otherwise
11 use to grant or deny a permit in connection with the proposed event (including, but not limited
12 to, any policy adopted by the City entity relating to cannabis sales and/or consumption at
13 events) that the Cannabis Event Permit should issue, except that the Director may issue a
14 permit conditioned upon approval by other City entities pending review by those other City
15 entities.

16 (ef) Temporary Waiver of Certain City Laws. A City entity described in subsection
17 (de) may, in its discretion and after considering public health and public safety, temporarily
18 waive, for a period not to exceed the duration of the proposed event, any City law that would
19 restrict or prohibit smoking (including, but not limited to, Article 19 through Article 19L of the
20 Health Code) in all or part of the proposed event space, or any other provision of the
21 Administrative, Health, Park, or Police Codes that would otherwise restrict or prohibit the
22 consumption of cannabis or cannabis products in all or part of the proposed event space.
23 When any such City law is waived pursuant to this subsection (ef), the event shall be deemed
24 to be in compliance with the suspended City law for purposes of any City law requiring such
25 compliance. This subsection (ef) shall not be construed to authorize any waiver of State law.

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

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

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

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

13 (4) The applicant has not taken steps sufficient to reasonably ensure that the only
14 individuals and/or entities that will provide onsite sales of cannabis goods at the proposed event are
15 those that have been identified on the application as either holding a Cannabis Business Permit or
16 being employed by a holder of a Cannabis Business Permit and acting as an agent of that permit
17 holder.

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

21 (56) There is insufficient time to process the permit application adequately in
22 advance of the proposed event; or

23 (67) There is other good cause to deny the permit.

24 (gh) **Permit Conditions.** Any applicant awarded a Cannabis Event Permit shall be
25 responsible for ensuring that the temporary event is conducted in compliance with all State

1 and City laws applicable to the sale and consumption of cannabis at the event. The Director
2 may impose any permit conditions that the Director deems conducive to the protection of
3 public health and safety, the mitigation of potential adverse impacts on nearby neighborhoods
4 or public spaces, and the prevention of underage or otherwise unlawful access to cannabis or
5 cannabis products, or that otherwise would be conducive to the safe, lawful, and orderly
6 operation of the proposed event.

7 **(hi) Enforcement and Implementation.** Any or all of the following actions may be
8 taken in conjunction with the implementation or enforcement of this Section 1621.5:

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

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

17 (3) Any violation of this Section 1621.5, or of applicable State or City laws, or of
18 any permit condition imposed pursuant to this Section, or any material false statement made to
19 the Director in connection with an application for a Cannabis Event Permit, may be punished as a
20 violation of this Article 16, using procedures consistent with Sections 1631 and Section 1632.

21 (4) Any violation of this Section 1621.5, of applicable State or City laws, or of
22 any permit condition imposed pursuant to this Section, or any material false statement made to
23 the Director in connection with an application for a Cannabis Event Permit, may be cause for denial
24 of any application for a Cannabis Business Permit submitted by the holder of the Cannabis
25 Event Permit or by any other party responsible for the violation, for suspension or revocation

1 of any existing Cannabis Event Permit, and for suspension or revocation of any other existing
2 permit to engage in Commercial Cannabis Activity.

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

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

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

7 (3) At the event, in prior years, there has been significant unregulated cannabis
8 sales or consumption, which the Director determines could be reduced or eliminated at the
9 event by the issuance of a Cannabis Events Permit. Except as stated in the following
10 paragraph, the restrictions imposed by this subsection (hj) on the operation of this Section
11 1621.5 shall become inoperative on January 1, 2020.

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

19 (ik) **Appeals to Board of Appeals.** A decision to grant, deny, suspend, or revoke a
20 permit under this Section 1621.5 , or to add or remove a permit condition under this Section,
21 may be appealed to the Board of Appeals in the manner prescribed in Article 1 of the
22 Business and Tax Regulations Code.

23
24 Section 4. Effective Date; Retroactivity.
25

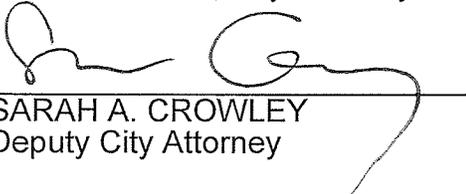
1 (a) This ordinance shall become effective 30 days after enactment. Enactment
2 occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or
3 does not sign the ordinance within ten days of receiving it, or the Board of Supervisors
4 overrides the Mayor's veto of the ordinance.

5 (b) This ordinance shall be retroactive to July 9, 2019.
6

7 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
8 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
9 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
10 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
11 additions, and Board amendment deletions in accordance with the "Note" that appears under
12 the official title of the ordinance.
13

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

16 By:

17 
18 SARAH A. CROWLEY
19 Deputy City Attorney

20 n:\egana\as2019\2000001\01374293.docx
21
22
23
24
25

LEGISLATIVE DIGEST

[Police Code - Cannabis Retailers at Permitted Cannabis Events]

Ordinance amending the Police Code to require that cannabis retailers at permitted events hold Cannabis Business Permits issued by the City, that applicants for Cannabis Event Permits identify the retailers that will be selling cannabis goods at such events and affirm that said retailers hold City-issued Cannabis Business Permits, and that recipients of Cannabis Event Permits take steps to reasonably ensure that only said retailers will sell cannabis goods at such events; to provide that a material false statement made in connection with an application for a Cannabis Event Permit may be subject to administrative penalty, cause for denial of a pending or future application for a Cannabis Business Permit, and cause for suspension or revocation of an existing Cannabis Business Permit; and affirming the Planning Department's determination under the California Environmental Quality Act.

Existing Law

In addition to regulating permanent cannabis businesses, State law establishes a framework for regulating the sale and consumption of cannabis at temporary events, conditioned on authorization by the local jurisdiction where the event takes place. Under Police Code Section 1621.5, the Office of Cannabis ("OOC") may issue Cannabis Event Permits authorizing the sale and consumption of cannabis at temporary events. Existing law places certain limits on who may obtain a Cannabis Event Permit, but it does not limit who may engage in retail sales of cannabis goods at the permitted event.

Further, existing law does not provide that a material false statement made to the OOC in connection with an application for a Cannabis Event Permit may be subject to administrative penalty, cause for denial of an pending or future application for a Cannabis Business Permit submitted by the applicant for or holder of the Cannabis Event Permit, or cause for suspension or revocation of any Cannabis Business Permit held by the applicant for or holder of the Cannabis Event Permit.

Amendments to Current Law

This ordinance would require that cannabis retailers at permitted events hold Cannabis Business Permits issued by the City, that applicants for Cannabis Event Permits identify the retailers that will be selling cannabis goods at such events and affirm that said retailers hold City-issued Cannabis Business Permits, and that recipients of Cannabis Event Permits take steps to reasonably ensure that only said retailers will sell cannabis goods at such events.

Further, this Ordinance would provide that a material false statement made to the OOC in connection with an application for a Cannabis Event Permit may be subject to administrative

FILE NO. 190756

penalty, cause for denial of any pending or future application for a Cannabis Business Permit submitted by the holder of the Cannabis Event Permit, and cause for suspension or revocation of any existing Cannabis Business Permit.

n:\legana\as2019\2000001\01374213.docx

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2019 JUL -9 PM 3:12

Time stamp
or meeting date AK

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

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

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

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

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

Sponsor(s):

Supervisor Rafael Mandelman

Subject:

Police Code - Cannabis Retailers at Permitted Cannabis Events

The text is listed:

Ordinance amending the Police Code to require that cannabis retailers at permitted events hold Cannabis Business Permits issued by the City, that applicants for Cannabis Event Permits identify the retailers that will be selling cannabis goods at such events and affirm that said retailers hold City-issued Cannabis Business Permits, and that recipients of Cannabis Event Permits take steps to reasonably ensure that only said retailers will sell cannabis goods at such events; to provide that a material false statement made in connection with an application for a Cannabis Event Permit may be subject to administrative penalty, cause for denial of a pending or future application for a Cannabis Business Permit, and cause for suspension or revocation of an existing Cannabis Business Permit; and affirming the Planning Department's determination under the California Environmental Quality Act.

Signature of Sponsoring Supervisor: 