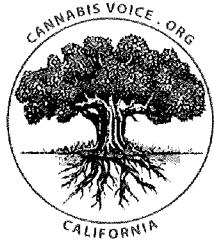


Survey to Understand our San Francisco Cannabis Industry



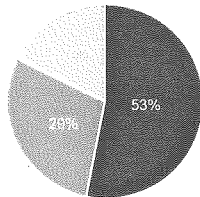
CALIFORNIA CANNABIS VOICE
EDUCATIONAL GROUP



SAN FRANCISCO CHAPTER

Age Percentage

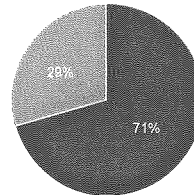
(17 responses)



- Under 35
- 35 to 40
- Over 40

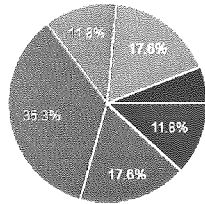
Gender Percentage

(17 responses)



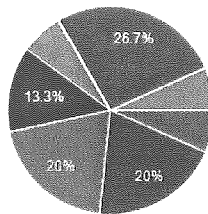
- Male
- Female

What type of license do you plan to apply for in 2018? (17 responses)



- Type 1 = Cultivation; Outdoor
- Type 1A = Cultivation; Indoor
- Type 1B = Cultivation; Mixed-light
- Type 2 = Cultivation; Outdoor
- Type 2A = Cultivation; Indoor
- Type 2B = Cultivation; Mixed-light
- Type 3 = Cultivation; Outdoor
- Type 3A = Cultivation; Indoor

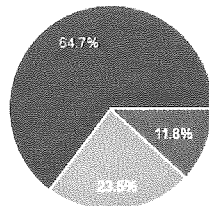
What is the total estimated annual income from your facility? (15 responses)



- Less than \$10,000
- \$10,000-\$50,000
- \$50,000-\$100,000
- \$100,000-\$250,000
- \$250,000-\$500,000
- \$500,000-\$750,000
- \$750,000-\$1,000,000
- \$1,000,000-\$5,000,000

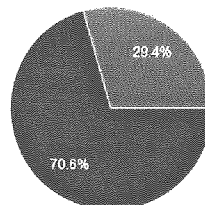
What percentage of your income from cannabis is spent in San Francisco? (17 responses)

(17 responses)



- Less than 25%
- 26-50%
- 51-75%
- over 75%

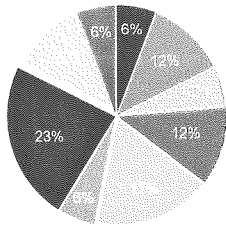
How many people are employed at your Cannabis business? (17 responses)



- 1-10
- 11-25
- 26-50
- over 50

Starting Wage

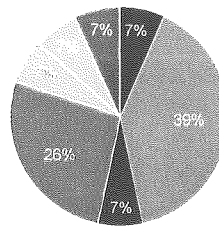
(17 responses)



- \$12.50/hr
- \$15/hr
- \$16/hr
- \$17/hr
- \$18/hr
- \$19/hr
- \$20/hr
- \$25/hr
- \$30/hr

Average Wage

(17 responses)



- \$18/hr
- \$20/hr
- \$22/hr
- \$25/hr
- \$28/hr
- \$35/hr
- \$40/hr



FIONA MA, CPA
STATE BOARD OF EQUALIZATION
MEMBER, SECOND DISTRICT

July 11, 2016

San Francisco Board of Supervisors Land Use & Transportation Committee
1 Dr. Carlton B. Goodlett Place, Room 250
San Francisco, CA 94102

Re: The Medical Cannabis Regulation and Safety Act – Implications for San Francisco Medical Cannabis Policy and Opportunities for Leadership

Dear Honorable Members of the Land Use & Transportation Committee:

I strongly encourage your committee and other City agencies to work with industry representatives on the development of regulations on non-retail cannabis operations. San Francisco's medical cannabis policies should be brought into alignment with the new State regulatory framework created by the passage of the landmark Medical Cannabis Regulation and Safety Act (MCRSA).

The new robust State licensing system offers unprecedented opportunity for the State to sensibly regulate all aspects of commercial medical cannabis business activity. It establishes a system where medical cannabis products are tracked and traced through the supply chain, undergo mandatory laboratory testing for quality and safety, and are subject to fair taxation. A key component of the MCRSA is its "dual licensing" structure, which requires that a medical cannabis business first gain explicit local permission to engage in commercial medical cannabis activity in order to be eligible for a corresponding State license. Across the State, local governments are implementing MCRSA by adopting ordinances using zoning principles to permit and regulate non-retail cannabis businesses. San Francisco should act quickly to create a pathway for businesses to obtain the local permits they need to be eligible for the State licensing process that will begin on January 1st, 2018.

San Francisco is no stranger to regulating challenging or controversial matters. It was one of the first local governments in the State to take the lead and robustly regulate retail storefront medical dispensaries. When I served on the San Francisco Board of Supervisors, we regulated massage parlors and voted to create a new permitting department, the Entertainment Commission. We have proven that regulation and permitting improves neighborhood and work place safety.

California has begun a process of transformation that offers unprecedented regulatory clarity for local governments in regards to medical cannabis. Smaller local governments around the State are looking to San Francisco for continued leadership. This is an opportunity for San Francisco to model healthy government-industry collaboration for regulating non-retail cannabis operations.

I first began collaborating with the medical cannabis industry on tax collection in April 2015. While many other industries avoid collaborating with State and Local governments, the cannabis community has embraced the Board of Equalization's efforts to increase tax compliance. I have found the leaders in the cannabis community emerging into a new dynamic industry to be ideal partners in establishing regulatory compliance.

I urge your support for this important step to create clear, fair, and inclusive local regulations so that San Francisco can remain a leader and model in the emerging cannabis industry.

In Peace and Friendship,

A handwritten signature in blue ink, appearing to be "Fiona Ma", written over a horizontal line.

FIONA MA, CPA
Chairwoman, California State Board of Equalization





Information * Community * Advocacy

www.calgrowersassociation.org

Monday July 11, 2016

To: City and County of San Francisco, Land Use and Transportation Committee

Subject: Support for the establishment of local permitting options for medical cannabis businesses, consistent with state law

Dear Chair Cohen and respected Supervisors;

In 2015 history was made. A robust collaborative effort resulted in breakthrough bi partisan legislation to regulate commercial medical cannabis activity in the state of California for the first time in 19 years.

Working together the state of California took a seminal step toward a well regulated, healthy, sustainable, and prosperous cannabis industry. This regulatory framework requires that applicants for state licenses (which will be available on January 1, 2018) have first received a permit or license from their local government.

I am writing to day to applaud your efforts thus far as established leaders in medical cannabis policy. I am also writing to provide support and encouragement to your efforts to provide much needed leadership to regulate the cannabis industry—both at home and throughout the state.

Please ensure that businesses operating in the city and county of San Francisco have clear guidelines and are able to acquire the required permits in preparation for state licensure.

Please direct city agencies to work with cannabis leaders in the creation of a local system to issues local permits to cannabis businesses who intend to apply for a state license. The

cannabis community is poised to evolve into a regulated cannabis industry and it will depend on your leadership.

The benefits of successful regulation are many—from consumer and environmental protections, to improved public safety and economic opportunity. None of these benefits will be realized without your efforts.

Please feel free to reach out at any time if you have questions or concerns. Our members and organization are available to you at all times to provide input.

Respectfully,

A handwritten signature in black ink that reads "HD Allen". The letters are cursive and fluid.

Hezekiah D. Allen
Executive Director
916 879 5063
hezekiah@cagrowers.org

July 11, 2016,

To: SF-BOS Land Use & Transportation Committee

Re: MMCSA, Non-Retail Licensing, Transportation and Distribution, Social Justice Licensing

Honorable Supervisors Cohen, Peskin, and Wiener,

My name is Luke Bruner. I'm writing regarding:

- 1) The matter of non-retail cannabis licensing, especially Transportation and Distribution
- 2) Social Justice recognized

Included below is a brief fact sheet on Distributor and Transporter licensing. It is my opinion that the greatest gains in social justice permitting can be made in the arena of Distributor and Transporter licensing.

I want to begin by expressing my immense support for the process of permitting & licensing cannabis businesses, especially in regards to all non-retail licenses. Having worked extensively on multiple local cannabis ordinances, I believe it is essential to bifurcate the issue into non-retail and retail categories. Many jurisdictions, in analyzing this issue, have concluded that the non-retail license types align with already established land use categories.

In 2014 I co-founded California Cannabis Voice- Humboldt, the grassroots farmer's organization in large part responsible for Humboldt County unanimously passing the State's first comprehensive non-retail cannabis permitting system, in January 2016. In 2015 I was elected a board member for the California Cannabis Industry Association (CCIA), and served as Legislative Chairperson during the MMRSA process (now MCRSA). For 3 years (2013-2016) I served as the Business Manager for Wonderland Nursery (Garberville, CA), the only licensed cannabis nursery in the Emerald Triangle.

On a personal level, the process of unexpectedly becoming a rural cannabis Community Organizer raised my consciousness and awareness of social justice issues. These issues have recently become very central in the regulatory process of other localities in California. This isn't surprising. The history of marijuana (in drug war terminology)/cannabis (in science terminology) is interwoven with many social injustices. San Francisco has an opportunity to correct a great injustice.


Acknowledging injustice is a first major step. Identifying what can be done about injustice is a second major step. Deciding how to implement local policies to address injustice is a third major step. I perceive that San Francisco is on step 2.

Parallel to an injustice is the unique social opportunity presented by cannabis. Due to its previous prohibition, the cannabis community is transitioning from no-regulation to modern-regulation. New, 21st century, best practice regulations can be mandated, encouraged, incentivized, and implemented. San Francisco has an opportunity to co-create a new progressive business-regulatory structure and culture, and a business community eager to participate. Here is what I see as key: **these new approaches are unburdened by certain negative historical precedents that are present in other industries.**

I believe these two opportunities can be realized simultaneously. Among the greatest social injustices is Corporatism and unchecked Corporate Personhood. Social justice permitting in San Francisco should begin correcting this matter by incentivizing the use of more equitable corporate forms such as: Worker's Coop-LLC's, Benefit Corporations, Agricultural Cooperatives, Consumer Cooperatives, and others. **Here is an opportunity to set a new precedent for how cannabis business should be conducted.**

By encouraging and incentivizing more equitable corporate forms, San Francisco will be the undisputed leader against corporate cannabis. These new businesses will inhabit an important place in the business ecosystem of San Francisco and Northern California. By implementing effective and equitable local policy for non-retail cannabis businesses, San Francisco can achieve a smooth and timely integration into the statewide cannabis system.

Thank you for your time and consideration,
-Luke Bruner



Brief Fact Sheet- Medical Cannabis Distributor and Transporter Licenses

Mandatory Distributors and Transporters are the simplest cannabis license types. A few facts:

- 1) Distributor must obtain a Transporter license
- 2) Transporter need not obtain a Distributor license
- 3) Distributors and Transporters may hold no other license types.
- 4) Distributors are only mandatory when product moves to the final retail point of sale (this change is part of SB 837 updates to MMRSA, recently signed)
- 5) Distributors are a mandatory middle-step, and must engage in independent product testing before providing to retailers.
- 6) AB 2243 (Asm. Wood's proposed cannabis tax bill) effectively makes the Distributor the point of State tax collection.
- 7) Once state licensing is active, Distributors and Transporters will only be able to do business with licensed production and retail operations.

These license types are the workhorses of assuring medicine is clean, safe, taxed and ethically sourced. Clean in being free of toxic chemicals, safe in being accurately labeled and appropriately packaged, taxed in being verified and paid before proceeding to retail sale, and ethically sourced in coming from licensed and legitimate facilities.

As the workhorses, they also will contribute significantly to job creation. These entities will provide good jobs. As witnessed by recent cannabis employment events, these firms are eager and ready to hire and train. Many of these positions will be unionized: UFCW and Teamsters are both very active in this space. Due to the high value of the cannabis product, these firms are paying competitive wages and are adopting long term staff retention strategies.

SPARC sets a really high bar.

-Christine Johnson Planning Commissioner

SPARC is a part of the following neighborhood organizations:

"SPARC seems like a great organization, maybe the best operator there is."

-Rodney Fong Planning Commissioner



THE SECOND OPINION • FILIPINO COMMUNITY CENTER
CURRY SENIOR CENTER • AIDS HOUSING ALLIANCE
PROJECT HOMELESS CONNECT • SAINT ANTHONY'S
SAN FRANCISCO AIDS FOUNDATION • SF SPCA
THE CENTER FOR HARM REDUCTION THERAPY • GLIDE
SF PARKS ALLIANCE • AIDS EMERGENCY FUND
MAITRI COMPASSONATE CARE • HOSPITALITY HOUSE

"I truly believe SPARC is a great operation."

-Dennis Richards Planning Commissioner

"As a nextdoor neighbor, I would love to see SPARC at this location."

-Hasan Khader Owner, Kate's Kitchen

"It is my belief that SPARC will bring the highest standards for safety and community service while also bringing desired foot traffic that will help neighboring business like mine."

-Trevor Martin Sales Manager, Upper Playground

HAIGHT STREET

SPARC is a proud sponsor of...



MAITRI COMPASSIONATE CARE
THE DEVELOPMENT OF TUNNEL TOP PARK
THE DEVELOPMENT OF PROGRESS PARK
THE DEVELOPMENT OF THE OUTER MISSION FILIPINO CENTER
THE FORMATION OF THE SAN FRANCISCO GREEN BENEFIT DISTRICT

A NEW CONCEPT BY SPARC COMING SOON WWW.473HAIGHT.COM

"The Lower Haight Merchants and Neighbors Association is in full support of SPARC's MCD permit application at 483 Haight St."

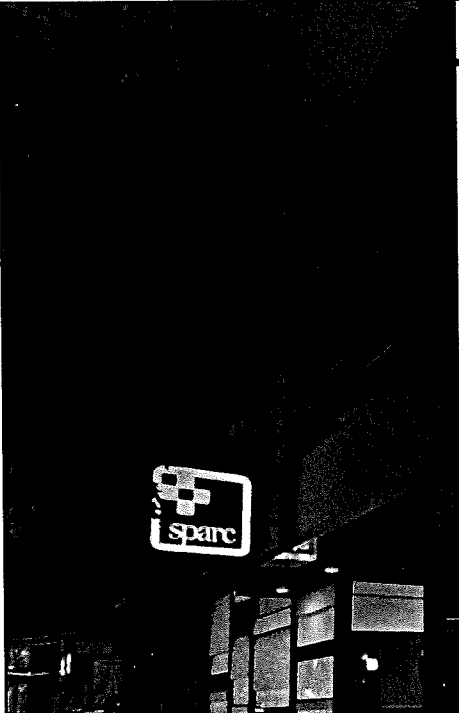
BAY AREA 2016 Co-Presidents

Public Integrity issue having Planning Commissioner quotes before the public hearing has even happened



Preparing
San Francisco for the
Medical
Marijuana Regulation and
Safety Act (MMRSA)

San Francisco Department of Public Health (DPH)
San Francisco Planning Department
San Francisco Department of Building Inspection (DBI)




1

Introduction:

Overview of Presentation

- *Legislative History*
- *Current Medical Cannabis System in San Francisco*
- *New California State Laws (MMRSA)*
- *Planning Overview*
- *DBI Overview*
- *Review Changes*
- *Decision Points for San Francisco*
- *Next Steps*



Legislative History:

The Compassionate Use Act of 1996

SF Medical Cannabis Act – 2005, Article 33 of The San Francisco Health Code

CA Medical Marijuana Regulation - 2015, AB 243, SB 643, AB 266

CA Medical Marijuana Regulation – 2016, Proposed AB 26, AB 567, AB 1575



Current Medical Cannabis System in San Francisco:

KEY PROVISIONS:

28 permitted dispensaries.

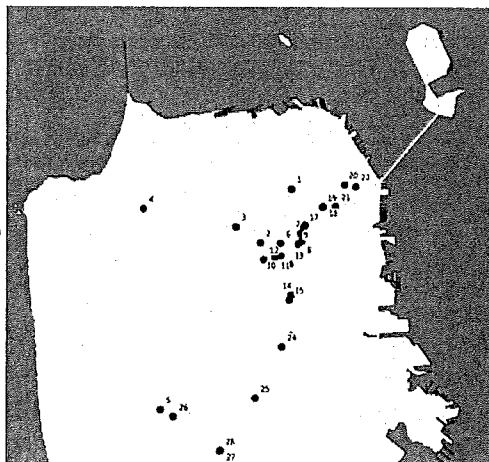
DPH permitting authority (DBI, Planning, Fire & Mayor's Office of Disability).

MCD linked to cultivation. Close-loop, non-profit system.

Patient must first obtain a doctor's recommendation and become a member of collective.

DPH does not track patients.

Figure 1. Permitted MCDs in San Francisco



4

New California State Legislation (2015):

KEY PROVISIONS:

- Consumer Affairs main authority - Bureau of Medical Marijuana Regulation (BMMR)
- Creates a dual State-Local licensing system
- 17 new license types
- Some vertical integration is allowed
- Collectives/cooperatives would get phased out
- For profit allowed
- Testing & labeling required
- Tracking process system
- Standards for cultivators
- Local authority is broad

State Agencies Involved:

- Cultivation – CA Dept. of Food & Ag
- Manufacturing & Testing - CA Dept. of Public Health
- Distribution, Transportation, & Dispensaries - BMMR
- Waste Water - Water Resources Control Board
- Pesticide Use - Dept. of Pesticide Regulation
- Environmental Impact - Dept. of Fish & Wildlife
- Labor - OSHA; Verification - DOJ; Funds – Treasury
- Taxation - Board of Equalization

5


Proposed California State Legislation (2016):

KEY PROVISIONS:

- All new laws will go into effect Jan. 1, 2018
- Mandates a training program (20+ employees) on patients, security, state & federal law).
- Ability to administer tax penalties and amnesty programs
- Various Amendments (60 +)
 - Prohibit local agencies from packaging standards that exceeds statewide
 - Exempt a cultivator from sending to distributor for quality assurance
 - Regulations on seeds/ security /nursery Details
 - Changes marijuana to cannabis throughout

Governor Budget Trailer Bill:

- BMMR Name Change
- Licensing Authority & Requirements
- Regulatory Authority
- Track and Trace System now CDFA
- Testing Laboratory Licensing Authority now DCA
- Childproof Packaging



Steps for San Francisco Planning Department:

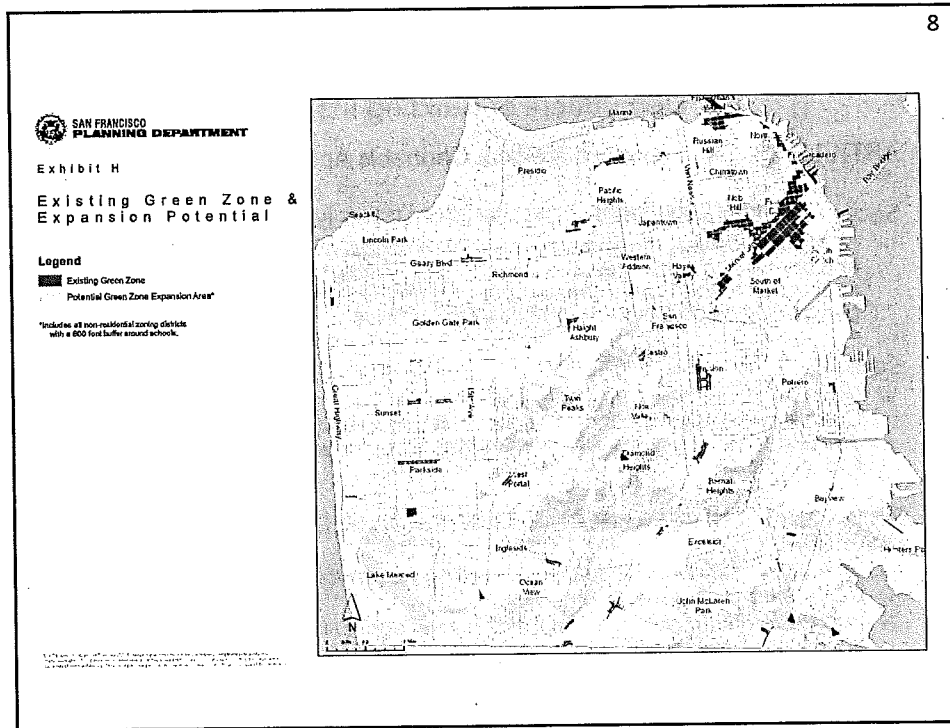
1. Review and adopt proposed recommendations outlined in the Planning Department's March 2014 report on Medical Cannabis dispensaries.
2. Look at amending existing Medical Cannabis Dispensary, Urban Agriculture, and Manufacturing use definitions in Section 102 to address new State license classifications.



Revisit Key Recommendations from 2014 MCD Report:

- Enhance the DR process by adding Commission findings for MCD DR applications.
- Expand the Green Zone. Consider three options 1) reducing the 1000 foot buffer to 600 feet 2) allowing MCDs in more zoning districts and 3) permitting the use on the second floor.
- Remove the 1000 foot buffer around recreational facilities.
- In the event that the existing Green Zone is expanded, institute a anti-clustering rules for MCDs.






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Modify Definitions in Planning Code:

1. Urban Agriculture, Neighborhood Agriculture and Green House definitions are silent on cannabis growing. The should be amended to either explicitly prohibit or permit certain new license types.
2. MCD Definitions should be reviewed and revised based on the new license types and organizational structures.
3. Light Manufacturing, Food Fiber and Beverage Processing definitions should be amended to either explicitly prohibit or permit new license types for processing cannabis products.



Department of Building Inspection:

- ARTICLE 33: San Francisco Medical Cannabis Act
- Section 3305. REFERRAL TO OTHER DEPARTMENTS.
 - (a) Upon receiving a completed medical cannabis dispensary permit application and permit application fee, the Director shall immediately refer the permit application to the City's Planning Department, Department of Building Inspection, Mayor's Office on Disability, and Fire Department.
- Section 3307 ISSUANCE OF MEDICAL CANNABIS DISPENSARY PERMIT.
 - (6)(d) Applicants with provisional permits shall secure a Certificate of Final Completion and Occupancy as defined in San Francisco Building Code Section 307 and present it to the Director, and the Director shall issue the applicant a final permit.
- Section 3308 OPERATING REQUIREMENTS FOR MEDICAL CANNABIS DISPENSARY.
 - (y) Medical cannabis dispensaries shall be accessible as required under the California Building Code.
 - (aa) Prior to submission of a building permit application, the applicant shall submit its application to the Mayor's Office on Disability.



San Francisco MCD Projects:

Basic Information

Routing

PROPERTY ADDRESS	OCCUPANCY CODE	APPLICATION NUMBER	HIS	INTAKE	CP-ZOC	CP-NP	BLOG	MECH	SFFD	SFPUC	DPW-BSM	DFCU	MOD	SFMTA	HEALTH	PPC	CPB
2095 MARKET ST 3544/065	M	201009291894		X	X	X	X	X		X	X	X	X	X	X	X	X
2441 MISSION ST 3610-026	M	201006164621		X	X	X	X						X		X	X	X
502 14TH ST 3594/014	R-1/M	200702274993	X	X	X		X				X		X		X	X	X
849 HOWARD ST 3733/082	M/B	200901089763		X	X		X	X		X			X		X	X	X
1077 POST ST 0693/017	R2/M	200811247269		X	X		X		X	X			X		X	X	X
952 MISSION ST 3704/017	M	20102227171		X	X	X	X	X		X		X	X	X	X	X	X
1256 MISSION ST 3701/008	A-3/B/M	200906220947		X	X	X	X		X	X	X		X		X		X
33 29TH ST 6635/051	R-3/M	200903053438		X	X		X	X							X		X
527 HOWARD ST 3735/083	R-3/M	201003178402		X		X	X	X	X	X	X		X		X		X

12

Colorado State Building Code Use and Occupancy of Marijuana*
Business Functions as follows:

- Dispensaries - **M Occupancy**
- Smoking/Treatment Rooms - **B occupancy**
- Grow Facilities - **F-1 or U Occupancy**
- Marijuana Oil Extraction Operations – **F-1 Occupancy**
- Marijuana-Infused Product Kitchens/Bakeries – **F-1 Occupancy**
- Processing and Packaging - **H-3 Occupancy**

Findings/Comments: The 2012 International Building Code lists “Hemp products” and “Tobacco” as examples of uses to be classified as F-1 Occupancies, which very closely matches the functions occurring in Marijuana Grow facilities, Marijuana Oil Extraction Operations, and Marijuana-Infused Product Kitchens/Bakeries.

*Note: Similar to California, Colorado State also adopted IBC as model code



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Washington State Building Code:*

- The Washington State Building Code Council (“SBCC”) has adopted new rules categorizing “marijuana processing facilities” as F-1 occupancies (Factory Industrial Group Moderate Hazard occupancy) in 2015
- SBCC took action on June 10 2016 for the renewal of the emergency rules and to move forward with permanent rulemaking regarding cannabis issues
- SBCC updated emergency rule that incorporates the changes to Chapter 1/ Permits and Chapter 38/ Marijuana Processing or Extraction Facilities on June 10 2016


*Note: Similar to California, Washington State also adopted IBC as model code



14

Comparison of Local San Francisco Law & New State Laws:

	Current San Francisco Local Law	New State Law
Licensing/Permitting	Retail Distribution	17 new license types (10 cultivation, 2 Manufacturing, 1 testing, 2 Distribution (Retail & General), Distribution 1, & Transportation
Organizational Model	Non Profit	For Profit Allowed
Business Ownership	Collective/Cooperative	Collective/Cooperative Phased Out
Land Use	Local Control 1000 feet from Schools	Local Control 600 feet from Schools
Taxation	No local taxation	City may impose taxation on cultivation, production and dispensing. State taxes on cultivation.

- 15
- Key Decision Points for San Francisco:**
- 01** Cultivation - Can allow or prohibit
 - 02** Delivery - Can allow or prohibit (must be connected to the MCD)
 - 03** Manufacturing - Can allow or prohibit
 - 04** Zoning – Existing green zone
 - 05** Equity – Permits/Zoning/Workforce
 - 06** Taxation - May impose tax on cultivation, production, dispensing
 - 07** Determining facilities “in operation and in good standing” for State license. 

Next Steps

Participate with state agencies developing rules and regulations

Develop a city process for working with stakeholders and informing key decisions

Develop local legislation to codify state legislation and new local decisions



