File No. 171042 Committee Item No. 1
Board Item No. 10

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Rules Committee Date November 13, 2017

Board of Supervisors Meeting Date December 5, 2017

Cmte	Board	
☐	☐	Motion
☐	☐	Resolution
☒	☒	Ordinance
☒	☒	Legislative Digest
☐	☐	Budget and Legislative Analyst Report
☐	☐	Youth Commission Report
☒	☒	Introduction Form
☒	☒	Department/Agency Cover Letter and/or Report
☐	☐	Memorandum of Understanding (MOU)
☐	☐	Grant Information Form
☐	☐	Grant Budget
☐	☐	Subcontract Budget
☐	☐	Contract/Agreement
☐	☐	Form 126 - Ethics Commission
☐	☐	Award Letter
☐	☐	Application
☐	☐	Form 700
☐	☐	Vacancy Notice
☐	☐	Information Sheet
☒	☒	Public Correspondence

OTHER (Use back side if additional space is needed)

☒	☒	Small Business Commission Response
☒	☒	Cannabis Equity Report
☒	☒	Cannabis Medical Access Report
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	

Completed by: Alisa Somera Date November 9, 2017
Completed by: Victor Young Date November 14, 2017

[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~~implement an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry by providing priority permitting for Equity Applicants and Equity Incubators, as defined; 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) requiring all cannabis businesses to ensure that 50% of work hours are performed by San Francisco residents, and cannabis businesses with 10 or more employees to adopt labor peace agreements~~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 and Cannabis Retailers, as authorized by the Department of Public Health;~~9) allowing pre-existing non-conforming cannabis operators to register with the Office of Cannabis and apply for cannabis business permits in 2018; 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) allowing medical cannabis dispensaries to sell adult use cannabis for a period of 120 days, starting January 1, 2018, and prohibiting medical cannabis dispensaries from cultivating cannabis under the authority of a medical cannabis dispensary permit, starting April 1, 2018; 14) ~~establishing~~ establishing a sunset date of December 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); 15) requiring the Department of Public Health to implement an ongoing public health education campaign about the safe consumption and health benefits of cannabis; 16) requiring the Controller to submit a report to the Board of Supervisors within one year of the effective date of Article 16 recommending whether the issuance of cannabis business permits should be subject to any limits; 17) establishing an Equity Operator Fund to receive any monies appropriated for the purpose of assisting Equity Operators; and 18~~5~~) 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.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.

Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

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

Section 2. The Police Code is hereby amended by adding Article 16, consisting of Sections 1600 to 16398, to read as follows:

ARTICLE 16: REGULATION OF CANNABIS

SEC. 1600. FINDINGS AND PURPOSE.

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

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

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

(d) On August 29, 2013, in response to the number of states seeking to legalize cannabis, the United States Department of Justice issued a memorandum known as the Cole Memo, outlining federal cannabis enforcement priorities and specifying that the federal government would continue to rely on

states and local law enforcement agencies to address cannabis activity through enforcement of their own narcotics laws.

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

(f) 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. On June 27, 2016, Governor Brown signed into law Senate Bill 837, which amended MMRSA and renamed it the Medical Cannabis Regulation and Safety Act ("MCRSA").

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

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

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

(j) 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 adult use 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.

(k) The Board of Supervisors intends to establish a comprehensive regulatory framework for medicinal cannabis and adult use cannabis. In furtherance of this goal, the Mayor's FY2017-2018 budget, approved by the Board through its enactment of Ordinance No. 156-17, included appropriations for the establishment of an Office of Cannabis to coordinate with City departments and state agencies to develop policies and regulate the local cannabis industry to ensure that local public health, safety, and social justice goals are met. In addition, in July 2017, the City enacted Ordinance

No. 168-17, Administrative Code Chapter 2A, Article XXVI, to establish an Office of Cannabis; to authorize the Director of the Office of Cannabis to issue permits to cannabis-related businesses; and to require the Director to collect permit application and annual license fees following the enactment of an ordinance establishing the amounts of those fees.

(I) In November 2017, the Office of Cannabis, the Office of the Controller, and the Human Rights Commission authored a Cannabis Equity Report, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 171042. Among other things, the Cannabis Equity Report acknowledged that the War on Drugs, which included racially disproportionate arrests and incarceration, had disastrous impacts in San Francisco, including generational poverty, community degradation, disruption of family structures, and the loss of educational and employment opportunities. The Cannabis Equity Report found that:

(1) African Americans and Latinos in San Francisco have endured disproportionately higher felony drug arrests than persons of other races.

(2) Recent efforts to decriminalize specific drug-related activities have helped to narrow those gaps, but people of color still interact with the justice system at a rate far higher than white people in San Francisco.

(3) Even at today's much lower rates of arrest and conviction, large racial disparities persist. In 2016, African Americans in San Francisco experienced felony drug arrest rates 10 times higher than San Franciscans of other races, and 2.4 times higher than African Americans elsewhere in California.

(4) Currently, Latino youth are twice as likely as African Americans, five times more likely than whites, and nearly 10 times more likely than Asian Americans to be arrested for a drug felony in San Francisco.

(5) While Proposition 64 clears the way for people with a conviction history involving cannabis crimes to enter the cannabis industry, a past criminal history can still present significant challenges, such as accessing financing or signing a lease agreement.

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

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

(~~n~~o) Through this Article 16, the Board of Supervisors intends to develop a regulatory framework that: reduces the illegal market for cannabis; minimizes the chances of social harm by protecting and promoting the health of all San Franciscans; limits youth access and exposure to cannabis and cannabis products; ensures safe consumption; maintains the City's progressive clean air policies for residents, businesses, and their employees; creates equitable access to opportunities within the cannabis industry; and creates jobs and tax revenue for the City.

SEC. 1601. ADMINISTRATION AND ENFORCEMENT.

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

and guidelines to ensure that Storefront Cannabis Retailers and Delivery-Only Cannabis Retailers maintain and Sell an inventory of Medicinal Cannabis and Medicinal Cannabis Products that is sufficient in volume and variety to meet the diverse medical needs of qualified patients, including but not limited to guidelines addressing the availability of Cannabis flowers, and other specific forms of Cannabis or Cannabis Products.

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

SEC. 1602. DEFINITIONS.

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

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

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

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

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

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

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

"Business Work Hours" means the total hours worked for a Cannabis Business by all workers, whether those workers are employed by the Cannabis Business or any subcontractor.

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

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

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

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

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

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

"Cannabis Manufacturing Facility" means a fixed place of business where Cannabis Products are Manufactured for Commercial purposes.

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

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

"Cannabis Retailer" means a fixed place of business where Cannabis and/or Cannabis Products are Sold to Customers.

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

"Canopy" means the designated area(s) at a permitted Premises that will contain Mature Plants.

"City" means the City and County of San Francisco.

"Commercial" means undertaken for Compensation.

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

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

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

"Consuming" or "Consumption" means Smoking, *eating, drinking, chewing, applying topically, or otherwise ingesting,* ~~but does not include Smoking.~~

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

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

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

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

"Director" means the Director of the Office of Cannabis, or his or her designee.

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

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

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

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

"Local Resident" means an individual who is domiciled, as defined by Section 349(b) of the California Elections Code, within the City for at least seven days immediately prior to commencing work for a Cannabis Business.

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

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

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

"Mature Plant" means a Cannabis plant that is flowering.

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

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

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

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

"Owner" means any of the following:

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

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

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

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

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

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

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

"Pre-Existing Non-Conforming Operator" means a Cannabis Business that engaged in Commercial Cannabis Activities relating to Medicinal Cannabis as of September 26, 2017, in a location where such activities were not authorized by or consistent with the Planning Code.

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

"Processing" means the drying, curing, trimming, or packaging of Cannabis. "Processing" does not include the growing, planting, or harvesting of Cannabis.

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

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

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

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

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

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

"State Licensing Authority" means the state agency responsible for the issuance, renewal, or reinstatement of a State Cannabis License.

"Storefront Cannabis Retailer" means either of the following: Medicinal Cannabis Retailer or Cannabis Retailer.

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

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

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

SEC. 1603. PERMITS REQUIRED.

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

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

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

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

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

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

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

SEC. 1604. EQUITY PROGRAM.

(a) *The Director, in consultation with the Human Rights Commission, shall* ~~establish~~implement *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 shall provide assistance to communities unfairly burdened by the War on Drugs, and shall be designed to ensure full and equal access to resources and opportunities made available as a result of Proposition 64. In particular, the Cannabis Equity Program shall provide support to individuals who have experienced social indicators that exacerbate inequities, and shall create strategies to uplift communities where those inequities have been concentrated. ~~The Equity Program shall be informed by the findings contained in the Equity Report, prepared in accordance with subsection (b)(5) of Section 2A.420 of the Administrative Code. The Equity Program shall offer priority permit processing and technical assistance to Applicants who meet Equity Criteria ("Equity Applicants") adopted by the Director.~~

(b) **Equity Applicants.** The Equity Program shall offer priority permit processing, as provided in Section 1606, to an individual who meets the following Equity Criteria ("Equity Applicant"):

(1) Is a natural person;

~~(2) During the period 1971-2009, lived for at least five years, either consecutively or in total, in San Francisco census tracts where at least 17% of the households had incomes at or below the federal poverty level, as determined by the Director;~~

(32) At the time of application, has assets, excluding non-liquid assets and retirement accounts, that do not exceed asset limits established by the Director;

(43) Submits an application for a Cannabis Business Permit in any of the following capacities:

(A) As the sole owner/operator of the Applicant;

(B) As an individual with an ownership interest of at least 40% in the corporate Applicant, and who is also the Chief Executive Officer of the corporate Applicant;

(C) As an individual with an ownership interest of at least 51% in the corporate Applicant;

(D) As the Executive Director or member of the board of directors of a not-for-profit Applicant where a majority of the members of the board of directors satisfy the requirements of subsections (b)(2), ~~(3),~~ and (~~5~~4) of this Section 1604; or

(E) As an individual with a membership interest in an Applicant formed as a cooperative; and

(~~5~~4) Meets ~~two~~three or more of the following additional criteria:

(A) At the time of application, is a member of a household that earns no more than 80% of the San Francisco Area Median Income, adjusted for household size;

(B) ~~Was arrested or convicted in the state of California during the period 1971-2009 for a crime, provided the arrest or conviction meets any of the criteria set forth in subsection (a) of Section 4904 of the Police Coderelating to the sale, possession, use, manufacture, or cultivation of cannabis~~During the period 1971-2016, was arrested for, convicted of, or adjudged to be a ward of the juvenile court for any crime under the laws of California or any other jurisdiction relating to the sale, possession, use, manufacture, or cultivation of Cannabis;

~~(C) Was arrested or convicted in the state of California during the period 1971-2009 for a nonviolent crime other than a crime relating to the sale, possession, use, manufacture, or cultivation of cannabis;~~

(DC) Since 1995, experienced housing insecurity in San Francisco, as evidenced by eviction, foreclosure, or revocation of housing subsidy; ~~or~~

(ED) Has a parent, sibling, or child who, during the period 1971-2016, was arrested for, convicted of, or adjudged to be a ward of the juvenile court for any crime under the laws of California or any other jurisdiction relating to the sale, possession, use, manufacture, or cultivation of Cannabis; ~~Has a parent, sibling, or child who was convicted in the state of California during the period 1971-2009 for a nonviolent crime, or for a crime relating to the sale, possession, use, manufacture, or cultivation of cannabis.; or~~

(FE) Attended a school under the jurisdiction of the San Francisco Unified School District for ~~5~~five years, either consecutively or in total, during the period 1971-200916.; or

(F) During the period 1971-200916, lived for at least five years, either consecutively or in total, in San Francisco census tracts where at least 17% of the households had incomes at or below the federal poverty level, as determined by the Director.

(c) **Equity Incubators.** The Equity Program shall offer priority permit processing, as provided in Section 1606, to Equity Incubators. For purposes of this Article 16, an Equity Incubator is an Applicant that does not qualify as an Equity Applicant, but that submits with its Cannabis Business Permit application a Cannabis Equity Incubator Agreement in which it commits to comply with the following additional operating requirements during its first three years in operation as a Cannabis Business:

(1) Ensure that at least ~~50~~30% of all Business Work Hours are performed by Local Residents. Business Work Hours performed by residents of states other than California shall not be considered in calculation of the number of Business Work Hours to which this requirement applies;

(2) Ensure that at least 50% of the Equity Incubator's employees satisfy the requirements of subsections (b)~~(2), (3), and (5)~~4) of this Section 1604;

(3) Provide a community investment plan demonstrating engagement with businesses and residents located within 500 feet of the site of the proposed Cannabis Business; and

(4) Comply with one of the following additional operating requirements:

(A) ~~Provide technical assistance and business mentoring to Equity Applicants who have been awarded Cannabis Business Permits ("Equity Operators")~~Submit to the Director a written, actionable "Equity Incubator Plan" describing how the Equity Incubator will encourage and support the establishment and growth of Equity Applicants who have been awarded Cannabis Business Permits ("Equity Operators"), by, among other things, providing business plan guidance, operations consulting, and technical assistance; or

(B) Provide an Equity Operator with rent-free commercial space owned or leased by the Equity Incubator in which the Equity Operator conducts its Cannabis Business. The rent-free commercial space must equal or exceed 800 square feet or the equivalent of at least 10% of the square footage of the Equity Incubator's Premises, and must include the Equity Incubator's provision of security services for the space.

SEC. 1605. TRANSITION PROVISION ~~FOR ACTIVITIES RELATING TO MEDICINAL CANNABIS.~~

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

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

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

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

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

(b) ***Registration a Condition of Eligibility for Temporary*** ~~Medicinal~~ ***Cannabis Business Permit.*** *Persons that do not register with the Office of Cannabis during the Cannabis Business Registration Period shall not be eligible to apply for or receive a Temporary* ~~Medicinal~~ *Cannabis Business Permit, as set forth in subsection (d) of this Section 1605.*

(c) ***Medical Cannabis Dispensaries.***

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) Demonstrate that the proposed Cannabis Business complies with applicable interim health and safety standards developed by the Director in consultation with the Department of Building Inspection, the Fire Department, the Police Department, and the Department of Public Health. The interim health and safety standards shall be sufficient to protect the health and safety of employees, neighbors, and Customers of the proposed Cannabis Business, and to prohibit unlawful access to Cannabis and Cannabis Products by underage individuals ~~and individuals who do not qualify to use Medicinal Cannabis~~.

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

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

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

*(h) **Duration.** A Temporary ~~Medicinal~~ Cannabis Business Permit issued under this Section 1605 shall be valid for a period of 120 days and may be extended for additional 90-day periods at the discretion of the Director. Notwithstanding the prior sentence, the Director shall not issue a new temporary permit after January 1, 2019, and shall not extend the term of a Temporary Cannabis Business Permit past January 1, 2019.*

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

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

(k) **Registration of Pre-Existing Non-Conforming Operators.** A Pre-Existing Non-Conforming Operator shall be eligible to receive technical assistance and apply for a Cannabis Business Permit, as set forth in Section 1606 of this Article 16, provided it registers with the Office of Cannabis during the Cannabis Business Registration Period and provides the following information and documentation:

(1) Information regarding the type(s) of Commercial Cannabis Activities that the operator conducts;

(2) Information regarding the type(s) of Cannabis Business Permit(s) and State Cannabis License(s) for which the operator intends to apply in 2018;

(3) Demonstration that as of September 26, 2017, the operator was engaging in Commercial Cannabis Activities relating to Medicinal Cannabis in the City;

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

(5) An affidavit or declaration made under penalty of perjury by an Owner certifying that the Pre-Existing Non-Conforming Operator will not engage in Commercial Cannabis Activities in a location where such activities are not authorized by or consistent with the Planning Code; and

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

SEC. 1606. APPLICATIONS FOR CANNABIS BUSINESS PERMITS.

~~(a) The Director shall not accept applications for Cannabis Business Permits, other than Medicinal Cannabis Retailer permits, until he or she has adopted an Equity Program, as~~

~~set forth in Section 1604 of this Article 16.~~

(a~~b~~) ~~Prior to January 1, 2019,~~ Except as provided in subsection (b) of this Section 1606, *the Director shall issue Cannabis Business Permits only to Applicants that meet one or more of the following criteria:*

(1) Qualify as an Equity Applicant or an Equity Incubator;

(2) Possess a valid permit to operate a Medical Cannabis Dispensary issued pursuant to Article 33 of the Health Code prior to the effective date of the ordinance, in Board File Number 171042, establishing this Article 16;

*(3) W*as*ere issued a Temporary* ~~Medicinal~~ *Cannabis Business Permit under Section 1605 of this Article 16;*

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

(5) Applied for a Medical Cannabis Dispensary Permit ~~prior to September 26, 2017~~ *that required referral to and approval by the Planning Commission,* and received approval from the Planning Commission prior to the effective date of the ordinance, in Board File Number 171042, establishing this Article 16; or

(6) Registered with the Office of Cannabis as a Pre-Existing Non-Conforming Operator, as set forth in subsection (k) of Section 1605 of this Article 16.

(b) The Director may award a Cannabis Business Permit to an Applicant that does not meet the criteria set forth in subsection (a) of this Section 1606 if the total number of Cannabis Business Permits awarded to Equity Applicants in the permit category sought by the Applicant has reached 50% of the total number of Cannabis Business Permits awarded in that permit category.

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

(1) First priority: applications from Equity Applicants;

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

(3) Third priority: applications from Applicants, including Pre-Existing Non-Conforming Operators, that were operating in compliance with the Compassionate Use Act of 1996 before September 1, 2016;

(~~3~~4) ~~Third~~Fourth *priority: applications that demonstrate a commitment on the part of the Applicant to provide benefits to the community in which the Cannabis Business is located, including but not limited to workforce opportunities and community benefits contributions; and*

(~~4~~5) ~~Fourth~~Fifth *priority: all other applications.*

SEC. 1607. CANNABIS BUSINESS PERMITS.

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

(1) Cannabis Cultivation Facility;

(2) Cannabis Manufacturing Facility;

(3) Cannabis Testing Facility;

(4) Cannabis Distributor;

(5) Cannabis Microbusiness;

(6) Medicinal Cannabis Retailer;

(7) Cannabis Retailer; and

(8) Delivery-Only Cannabis Retailer.

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

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

(b) **Permits Portable.** A Cannabis Business Permittee that closes its Cannabis Business may retain its Cannabis Business Permit for up to 18 months from the date of closure, and may conduct Commercial Cannabis Activities under that permit at a different Premises provided:

(A1) There is no change in ownership;

(B2) The Referring Departments complete all necessary review and inspections of the new Premises, and report their determinations to the Office of Cannabis;

(C3) The Permittee demonstrates that the new Premises complies with the requirements of this Article 16 and the Planning Code; and

(D4) The Director finds that there are no grounds for denial of a Cannabis Business Permit, as set forth in subsections (d)-(e) of Section 1615 of this Article 16.

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

(cd) ***Change in Ownership.*** *A Permittee may change partners, shareholders, or other Owners of a Cannabis Business provided that: the sale or other transfer of ownership regardless of the form of*

ownership results in a new Person owning no more than 20% of the Cannabis Business, and the Permittee obtains an amendment to the Permit as provided in subsection (~~c~~d)(2) of this Section 1608. If the sale or other transfer of ownership does not result in any Person (who did not already have such a percentage interest) having an ownership interest of 20% or more, the Permittee is not required to obtain a permit amendment.

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

(2) The Director shall determine within 30 days of the filing of a complete application for a permit amendment under this subsection (~~c~~d) whether to approve it. The Director shall approve the application unless the Director determines that denial is warranted under any of the grounds set forth in Section 1615. The Director shall notify the Permittee of the Director's decision electronically and either by mail or personal delivery.

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

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

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

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

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

SEC. 1609. PERMIT APPLICATIONS.

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

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

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

(3) Pay a non-refundable application fee, unless the Applicant is eligible for a fee waiver or reduction, as authorized by ordinance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) An odor mitigation plan;

(B) A Hazardous materials inventory;

(C) A power plan;

(D) A Security Plan;

(E) A track and trace compliance plan;

(F) A waste disposal plan; and

(G) A water management plan.

(12) ~~A copy of the Applicant's business license, as required by Article 2 of the Business and Tax Regulations Code, or where pending, proof of application therefor;~~ For Applicants with 10 or more employees, a statement that the Applicant will enter into, or demonstrate that it has already entered into, and abide by the terms of a Labor Peace Agreement;

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

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

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

(16) A detailed, scaled diagram of the proposed Premises that shows the boundaries of the property and all entrances, exits, interior partitions, walls, rooms, doorways, and common or shared entryways. The diagram must show the areas in which all Commercial Cannabis Activity will take place, including but not limited to areas where access will be limited to employees of the Cannabis Business and Customer access will be prohibited. If the proposed Premises consists of only a portion of property, the diagram shall reflect the Premises used for Cannabis activity and describe the use for the remaining portion of the property;

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

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

(19) A copy of a proposed Good Neighbor Policy, developed in consultation with the Office of Cannabis, *under which the Applicant agrees to:*

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

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

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

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

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

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

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

(C) Describe how the Applicant will work to encourage and support the establishment and growth of Equity Applicants, provide employment opportunities to persons that have been disproportionately impacted by the criminalization of Cannabis, and otherwise further the City's equity goals.

(22) A Security Plan;

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

(24) Documents demonstrating that the Applicant engaged in a Community Outreach Strategy to advise neighbors of its intent to apply for a Cannabis Business Permit and to solicit input on its proposed Good Neighbor Policy. An Applicant's Community Outreach Strategy must, at a minimum, include written notice to neighbors within 300 feet of the Premises of the Applicant's intent to open a Cannabis Business at that location, information about how neighbors may provide input on the content of the Applicant's Good Neighbor Policy, and sign-in sheets and minutes for meetings held with neighbors. All materials and notices developed and distributed to neighbors by the Applicant as part of its Community Outreach Strategy must be translated into the languages required by the Language Access Ordinance, Administrative Code Chapter 91;

~~(25) For Applicants with 10 or more employees, a statement that the Applicant will enter into, or demonstrate that it has already entered into, and abide by the terms of a Labor Peace Agreement;~~

(25) For Applicants that submitted an Equity Plan, as set forth in Section 3322 of the Health Code, an Equity Progress Report describing the steps the Applicant has taken in compliance with and furtherance of its Equity Plan since its submission to the Director.

(25~~65~~6) Such further information as the Director requires regarding financial and lease arrangements, management authority, operational control of the Business or its Premises, or other matters, when such further information will assist the Director in his/her determination whether to grant or deny the permit; and

(26~~76~~7) A statement signed by the Applicant under penalty of perjury, that the information provided is complete, true, and accurate.

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

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

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

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

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

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

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

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

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

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

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

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

(A) Identification of the water source and supplier;

(B) Where applicable, the point of diversion;

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

(D) A description of all water conservation measures.

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

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

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

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

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

(A) The name of the energy generation provider;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) If the Applicant intends to operate a Compassion Program, as set forth in subsection (aa) of Section 1618 of this Article 16, a description of the proposed terms and conditions of such program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(j) Upon receipt of an application for a Medicinal Cannabis Retailer, Cannabis Retailer, or Delivery-Only Cannabis Retailer permit, the Office of Cannabis shall post the name and location of the proposed Cannabis Business on its website, and shall update its website with

information about the status of the application until such time as the application has been approved or denied. The Office of Cannabis shall also cause a notice to be posted on the site of the Premises associated with the aforementioned permit applications to notify neighbors that a Cannabis Business Permit is sought at that location.

SEC. 1610. WITHDRAWAL OF APPLICATION.

An Applicant may withdraw an application at any time prior to the Office's issuance or denial of a Cannabis Business Permit. Requests to withdraw an application shall be submitted to the Office in writing, dated, and signed by the Person who submitted and signed the application. The Office shall not refund application fees for a withdrawn application. An Applicant that has withdrawn an application may reapply and pay a new application fee at any time following the withdrawal of an application, but such application shall not receive priority review as set forth in subsection~~s~~ (c)~~(1), (2), and (3)~~ of Section 1606.

SEC. 1611. PERMITTEE'S RESPONSIBILITY FOR ACTS OF EMPLOYEES AND AGENTS.

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

SEC. 1612. INCORPORATION OF REQUIREMENTS OF LOCAL APPROVALS.

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

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

SEC. 1613. LIMITS ON PERMITS.

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

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

(c) The Controller shall track the number of permits that are awarded pursuant to this Article 16. Within one year of the effective date of this Article 16, the Controller shall submit to the Board of Supervisors a report that makes recommendations as to whether the issuance of Cannabis Business Permits should be subject to any numerical, geographical, or other limits.

SEC. 1614. REFERRAL OF APPLICATION TO DEPARTMENTS AND AGENCIES.

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

SEC. 1615. ISSUANCE AND DENIAL OF CANNABIS BUSINESS PERMITS.

(a) After reviewing an Applicant's application, the Director shall notify the Applicant in writing that the application is complete and accepted for further review, or incomplete. If the Director deems the application to be incomplete, the Applicant shall supply the information or documentation that is required for the application to be deemed complete. The Applicant shall have 90 days from the

date that the Director provides notification that the application is incomplete to provide all required information and/or documentation. If the Applicant does not provide such information within 90 days, the application will be deemed abandoned and will not receive further consideration. Applicants that abandon an application may submit a new one, subject to payment of a new application fee. Applicants that submit an ~~A~~*application following the abandonment of an earlier* ~~A~~*application shall not receive priority review, as set forth in subsection*~~s~~ *(*~~cb~~*c)*~~(1), (2), and (3)~~ *of Section 1606.*

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) The Planning Department or Planning Commission determines that the Applicant engaged in Commercial Cannabis Activities in a location that was not authorized by or consistent with the Planning Code.

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

(1) The Applicant or Owner has been convicted of an offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, except that if the Director determines that the Applicant or Owner is otherwise suitable to be

issued a permit, and granting the permit would not compromise public safety, the Director shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the Applicant or Owner, and shall evaluate the suitability of the Applicant or Owner, to be issued a permit based on the evidence found through the review. For purposes of this subsection (e)(1), "offenses that are substantially related to the qualifications, functions, or duties of the business or profession for which the application is made" include, but are not limited to, the following:

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

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

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

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

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

(2) Except as provided in subsections (e)(1)(D)-(E) of this Section 1615, a prior conviction, where the sentence, including any term of probation, incarceration, or supervised release, is completed, for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance is not considered substantially related, and shall not be the sole ground for denial of a permit.

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

(4) The Applicant has not made a good faith effort to comply with its Equity Plan, as submitted under Section 3322 of the Health Code.

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

SEC. 1616. PAYMENT OF ANNUAL LICENSE FEE.

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

SEC. 1617. COMPLIANCE WITH PERMIT CONDITIONS.

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

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

(c) The Director shall consider whether the amendment of the permit condition sought by the Permittee would jeopardize the health and safety of the Permittee's employees, neighbors, or Customers, increase access to Cannabis and Cannabis Products by underage persons, or increase any potential adverse impacts of the Cannabis Business on the immediate neighborhood, and shall render a decision to remove, change, or maintain the permit condition(s) on the basis of that evaluation or for

any good cause.

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

SEC. 1618. ELIGIBILITY AND OPERATING STANDARDS APPLICABLE TO ALL CANNABIS BUSINESSES.

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

(b) ~~Every Cannabis Business is required to obtain a business registration certificate from the City in compliance with Article 12 of the Business and Tax Regulations Code.~~ Every Cannabis Business is required to have paid all outstanding taxes and fees, including any related penalties and interest, owed to the City, and is required to have obtained a business registration certificate from the City in compliance with Article 12 of the Business and Tax Regulations Code.

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

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

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

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

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

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

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

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

(k) Every Cannabis Business, other than a Cannabis Testing Facility, *is required to maintain on the Premises a fire proof safe.*

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

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

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

(o) No Cannabis Business ~~that is an A licensee~~*may employ an individual who is not at least 21 years of age*, unless authorized by state law. ~~No Cannabis Business that is an M licensee may employ an individual who is not at least 18 years of age. Where a Cannabis Business is both an A licensee and an M licensee, it may not employ an individual who is not at least 21 years of age.~~

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

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

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

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

(2) Alcoholic beverages.

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

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

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

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

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

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

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

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

(aa) It shall be a violation of this Article 16 for any Cannabis Business to engage in the nonsale distribution of Cannabis or Cannabis Products, or to permit the nonsale distribution of Cannabis or Cannabis Products by any Person on the Premises of the Cannabis Business, except as authorized by state law. Notwithstanding the forgoing, and as authorized by state law, a Storefront Cannabis

Retailer may operate a Compassion Program in which it provides Medicinal Cannabis and/or Medicinal Cannabis Products at no or nominal cost to low-income individuals who are qualified under California Health and Safety Code Sections 11362.7 et seq. to use Medicinal Cannabis. In addition, Cannabis Cultivation Facilities and Cannabis Manufacturing Facilities may provide Medicinal Cannabis and/or Medicinal Cannabis Products at no or nominal cost to Storefront Cannabis Retailers, for distribution through a Compassion Program. The Director shall adopt rules, regulations and guidelines applicable to Compassion Programs, including, but not limited to: eligibility criteria applicable to persons who may receive Cannabis at no or low cost; and recordkeeping requirements. *For purposes of this subsection (aa), "nonsale distribution" means to give Cannabis or Cannabis Products to the general public or some segment thereof at no cost, or at nominal cost, or to give coupons, coupon offers, or rebate offers for Cannabis or Cannabis Products to the general public or some segment thereof at no cost or at nominal cost.*

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

(cc) Every Cannabis Business shall ensure that the electrical power used for Commercial Cannabis Activities shall be procured from or produced by renewable sources, consistent with Renewable Energy Requirements to be adopted by the Director, in consultation with the Director of the Department of the Environment. In adopting Renewable Energy Requirements, the Director shall establish minimum renewable energy requirements that are consistent with the amount of renewable energy contained in CleanPowerSF's Green Service. A Cannabis Businesses shall also provide to the Director and the Department of the Environment an annual report documenting the amount and source of energy consumed by the Business in the prior 12 months.

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

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

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

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

(1) Significant discrepancies identified during inventory;

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

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

(4) Any other breach of security.

(ff) Every Cannabis Business shall ensure that at least 50% of all Business Work Hours are performed by Local Residents, provided, however, that until December 31, 2018, Cannabis Businesses that previously held a Medical Cannabis Dispensary permit under Article 33 of the Health Code shall ensure that at least 35% of all Business Work Hours are performed by Local Residents. Business Work Hours performed by residents of states other than California shall not be considered in calculation of the number of Business Work Hours to which this requirement applies. The Director of the Office of Cannabis may approve a time-limited waiver or reduction of this requirement, upon a showing by the Cannabis Business that it was unable to locate a sufficient number of qualified Local Residents.

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

*(a) **Entry to Premises Prohibited.** It shall be a violation of this Article 16 for a Permittee to allow on the Premises any person under 21 years of age, provided however that a Medicinal Cannabis*

Retailer may allow entry to a person 18 years of age or older who possesses a valid Physician's Recommendation.

(b) ***Prohibited Sales.***

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

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

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

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

SEC. 1620. CONSUMPTION ~~AND SMOKING~~ ***OF CANNABIS AND CANNABIS PRODUCTS ON THE PREMISES OF CANNABIS BUSINESSES.***

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

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

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

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

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

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

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

(~~d~~*c) All Cannabis Businesses shall:*

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

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

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

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

SEC. 1621. TOURS.

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

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

(c) For purposes of this Section 1621, a "tour" means an organized or prearranged visit by a member or members of the general public, or segment thereof, whether free or for charge, who wish to view the Premises, learn about its methods of operation, and/or gain insight into the Cannabis industry. A "tour" does not include visits by:

(1) Employees of the Cannabis Business;

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

(3) Persons authorized to conduct inspections;

(4) Persons engaging in law enforcement activities;

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

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

(d) Prior to January 1, 2019, the Director shall adopt rules and regulations governing tours of Cannabis Businesses. The Director is authorized to extend the prohibition on tours set forth in subsection (b) of this Section 1621, or authorize tours, subject to limitations he or she may adopt to protect the health and safety of employees, neighbors and Customers, prohibit access to Cannabis and Cannabis Products by underage persons, preserve the character of the surrounding neighborhood, and mitigate any potential noise and/or traffic congestion.

SEC. 1622. DELIVERIES OF CANNABIS AND CANNABIS PRODUCTS TO CUSTOMERS.

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

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

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

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

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

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

(5) Delivery may only be made to the individual who placed the Bona Fide Order, and to individuals who are 21 years of age or older, unless the Customer provides verification that the Customer, or a patient for whom he or she is a Primary Caregiver, qualifies under California Health and Safety Code Section 11362.7 et seq. to use Medicinal Cannabis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 1623. CANNABIS CULTIVATION FACILITIES.

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

Adult Use Cannabis only. A Cannabis Cultivation Facility Permittee that holds only an M-License may engage in the Cultivation and Processing of Medicinal Cannabis only.

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

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

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

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

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

SEC. 1624. CANNABIS MANUFACTURING FACILITIES.

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

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

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

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

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

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

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

SEC. 1625. CANNABIS TESTING FACILITIES.

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

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

(1) Notify the Department of Public Health and Office of Cannabis of any tests performed on Cannabis or Cannabis Products Cultivated or Manufactured by a Cannabis Business located in San Francisco where the Cannabis batch fails the testing requirements established by state regulation within five business days of conducting such test. Such notification shall include the name, State license number and local Permit number of the Manufacturer that provided the Cannabis to be tested, and information related to the test results, reason for failure, and any applicable track and trace information;

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

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

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

SEC. 1626. CANNABIS DISTRIBUTORS.

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

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

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

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

SEC. 1627. CANNABIS MICROBUSINESSES.

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

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

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

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

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

SEC. 1628. STOREFRONT CANNABIS RETAILERS.

*(a) **Authorized activities.***

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

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

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

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

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

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

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

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

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

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

(7) A Storefront Cannabis Retailer may not:

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

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

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

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

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

(9) A Storefront Cannabis Retailer must maintain an electronic age verification device to determine the age of any individual attempting to purchase Cannabis or Cannabis Products, which device shall be used for the Sale of the Cannabis or Cannabis Products to the Customer. The device shall be maintained in operational condition and all employees shall be instructed in its use. Cannabis

and Cannabis products shall not be sold to a Customer if the electronic age verification device is not functioning.

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

SEC. 1629. DELIVERY-ONLY CANNABIS RETAILERS.

(a) ***Authorized Activities.***

A Delivery-Only Cannabis Retailer permit ~~authorizes~~*requires the Permittee to engage in the Delivery and Sale of both Medicinal Cannabis and Cannabis Products and Adult Use Cannabis and Cannabis Products,* ~~provided that the Permittee is both an A-licensee and an M-licensee. A Delivery-Only Cannabis Retailer Permittee that holds only an A-license may engage in the Delivery and retail Sale of Adult Use Cannabis and Cannabis Products only. A Delivery-Only Cannabis Retailer Permittee that holds only an M-License may engage in the Delivery and retail Sale of Medicinal Cannabis and Cannabis Products only.~~

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

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

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

(2) A Delivery-Only Cannabis Retailer licensed to sell Medicinal Cannabis may not Sell more than 28.5 grams of non-concentrated Medicinal Cannabis or eight grams of concentrated

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

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

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

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

SEC. 1630. INSPECTIONS.

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

(b) Pursuant to this Section 1630, the Inspecting Departments shall have access to the Cannabis Business Premises, video footage, business records, data, inventory levels and information relating to Customers, vendors, Cannabis Products, plans and agreements (collectively, "Confidential Information"). To the extent authorized by law, an Inspecting Department shall not disclose Confidential Information to the public, and shall use the Confidential Information only for purposes

specified in this Article 16 or other laws and regulations of the City specifically related to the City Permittees from whom such Confidential Information has been received. Notwithstanding the foregoing, the City may disclose Confidential Information:

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

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

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

SEC. 1631. NOTICE OF VIOLATION; HEARING AND APPEAL.

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

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

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

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

(3) That the Director intends to take enforcement action against the Cannabis Business, owner of real property, and/or any other Person deemed responsible for causing the violation(s), and

the nature of that action, including the administrative penalty and enforcement costs to be imposed, additional conditions on Cannabis Business Permit(s) that may be imposed, and/or the suspension or revocation of Cannabis Business Permit(s);

(4) That the Cannabis Business, owner of real property, and/or any other Person deemed responsible for causing the violation(s) has the right to request a hearing before the Director within 15 days after the Notice of Violation is mailed, and that the written request for hearing must state facts demonstrating that:

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

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

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

from obtaining judicial review of the validity of the enforcement action.

(d) Upon a timely request for a hearing that includes the information required by subsection (b)(4) of this Section 1631, the Director shall, within 15 days of the request, notify the requester of the date, time, and place of the hearing. The Director shall make available to the requester the photographs and other recorded evidence obtained in support of the Notice of Violation as well as a copy of the report prepared by the Director's designee, if any, to support the Notice of Violation. Such hearing shall be held no later than 60 days after the Director receives the request, unless time is extended by mutual agreement of the requester and the Director.

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

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

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

SEC. 1632. ADMINISTRATIVE PENALTIES AND ENFORCEMENT COSTS.

(a) ***Penalty Amounts.*** *Any Person who violates this Article 16 (which is deemed in the entirety of this Section 1632 to include a violation of a permit condition and/or a violation of the rules and regulations adopted pursuant to this Article) shall be subject to an administrative penalty imposed by order of the Director, not to exceed $1,000 for each violation, for each day such violation occurs. However, in the case of a continuing violation, the Director shall not impose a daily administrative penalty for the second and subsequent days of such violation where the Director finds all of the following:*

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

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

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

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

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

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

*(d) **Payment and Collection of Administrative Penalty and Enforcement Costs.** Any administrative penalty and/or enforcement costs assessed under this Article 16 is a debt to the City and County of San Francisco and shall be paid to the Treasurer of the City and County of San Francisco. Any amount paid late shall be subject to an additional late fine of 10% on the unpaid amount. The sum of the unpaid amount and the 10% late fine shall accrue interest at the rate of 1% per month (or fraction thereof) until fully paid; any partial payments made shall first be applied to accrued interest. The City may file a civil action or pursue any other legal remedy to collect such unpaid amount, fine, and interest. In any civil action for collection, the City shall be entitled to obtain a judgment for the unpaid amounts, fine, and interest, and for the costs and attorneys' fees incurred by the City in bringing such civil action.*

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

SEC. 1633. PERMIT SUSPENSIONS AND REVOCATIONS.

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

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

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

(3) The Permittee has engaged in any conduct in connection with the operation of the Cannabis Business that violates this Article 16 (which is deemed in the entirety of this Section 1633 to include a violation of a permit condition and/or a violation of the rules and regulations adopted pursuant to this Article), or the Medicinal and Adult Use Cannabis Regulation and Safety Act, and any regulations promulgated thereto;

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

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

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

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

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

(9) The Permittee was awarded a Cannabis Business Permit as an Equity Incubator and the Permittee has failed to make a good faith effort to comply with its Cannabis Equity Incubator Agreement, as set forth in subsection (c)(4) of Section 1604 of this Article 16.

(b) The Director may not suspend or revoke a Cannabis Business Permit under this Article 16 until the Director has issued a Notice of Violation and provided the Cannabis Business an opportunity

to be heard and respond as provided in Section 1631 of this Article 16. A Cannabis Business whose permit has been suspended or revoked must cease operations within 24 hours of the suspension or revocation order being final.

(c) Notwithstanding subsection (b) of this section 1633, the Director may suspend summarily any Cannabis Business Permit issued under this Article 16 when, in the judgment of the Director, the public health or safety requires such summary suspension. The Director shall provide written notice of such summary suspension to the permit holder by hand delivery, registered mail, or electronic mail. No more than three days after written notice of such summary suspension is given, the Director shall issue a Notice of Violation identifying the alleged acts or failures to act that constitute the basis for the summary suspension, and provide the Cannabis Business an opportunity to be heard and respond as provided in Section 1631 as to why the summary suspension should end. However, the time for hearing and decision shall be accelerated as follows: Upon a timely request for a hearing that includes the information required by subsection (b)(4) of Section 1631, the Director shall set any requested hearing within seven days, unless time is extended by mutual agreement of the affected parties; and the Director, or a designated hearing officer who shall have the same authority as the Director to hear and decide the case, and make any orders consistent with this Article 16, shall issue a decision on the summary suspension within seven days after hearing.

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

SEC. 1634. ADDITIONAL ADMINISTRATIVE ENFORCEMENT ORDERS.

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

(1) The required permits which are lacking;

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

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

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

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

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

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

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

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

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

*(e) **Enforcement Costs.** Following an Order under this Section 1634, the Director shall issue a separate order assessing the City's costs of enforcement, including the costs incurred by the Office as well as the costs incurred by any other City departments, against the Cannabis Business. Such assessments shall be paid within 10 days of issuance of the separate order. Unpaid amounts shall accrue late fines, penalties, and interest, and may be collected as provided in Section 1632 of this Article 16.*

SEC. 1635. NUISANCE.

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

SEC. 1636. ENFORCEMENT BY CITY ATTORNEY.

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

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

(c) ***Action for Injunction and Civil Penalty.*** *Any Person that violates any provision of this Article 16 shall be enjoined and shall be subject to a civil penalty in an amount not to exceed $1,000 for each day such violation is committed or permitted to continue, which penalty shall be assessed and recovered in a civil action brought in the name of the people of the City and County of San Francisco by the City Attorney in any court of competent jurisdiction. In assessing the amount of the civil penalty, the court shall consider any one or more of the relevant circumstances presented by any of the parties to the case, including but not limited to, the following: the nature and seriousness of the misconduct giving rise to the violation, the number of violations, the persistence of the misconduct, the length of time over which the misconduct occurred, the willfulness of the defendant's misconduct, and the defendant's assets, liabilities and net worth.*

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

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

SECTION 1637. PUBLIC HEALTH EDUCATION CAMPAIGN.

The Department of Public Health shall conduct an ongoing public health education campaign with a particular focus on youth designed to educate the public about the safe consumption and health benefits of cannabis and cannabis products. The Department of Public Health shall launch this campaign within 60 days of the effective date of the ordinance, in Board File Number 171042, establishing this Article 16.

SEC. 1637~~8~~. UNDERTAKING FOR THE GENERAL WELFARE.

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

SEC. 1638~~9~~. SEVERABILITY.

If any section, subsection, sentence, clause, phrase, or word of this Article 16, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of the ordinance. The Board of Supervisors hereby declares that it would have passed this Article and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this ordinance or application thereof would be subsequently declared invalid or unconstitutional.

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

SEC. 8. METHOD OF APPEAL TO THE BOARD OF APPEALS.

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

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

* * * *

(i) Additional Requirements.

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

(2) On the filing of any appeal, the Board of Appeals shall notify in writing the department, board, commission, officer or other person from whose action the appeal is taken of such appeal. On the filing of any appeal concerning a structural addition to an existing

building, the Board of Appeals shall additionally notify in writing the property owners of buildings immediately adjacent to the subject building.

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

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

(5) Pending decision by the Board of Appeals, the action of such department, board, commission, officer or other person from which an appeal is taken, shall be suspended, except for: (1) actions of revocation or suspension of permit by the Director of Public Health when determined by the Director to be an extreme public health hazard; ~~and~~ (2) actions by the Zoning Administrator or Director of the Department of Building Inspection stopping work under or suspending an issued permit; ~~, and~~ (3) actions of suspension or revocation by the Entertainment Commission or the Director of the Entertainment Commission when the suspending or revoking authority determines that ongoing operation of the activity during the appeal to the Board of Appeals would pose a serious threat to public safety; *and (4) actions of the Director of the Office of Cannabis awarding a Temporary* ~~Medicinal~~ *Cannabis Business Permit*.

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

ARTICLE 8A: CANNABIS CONSUMPTION PERMITS

SEC. 8A.1. DEFINITIONS.

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

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

"Designated Smoking Room" means a designated area on the Premises of a Cannabis Business where Customers may Smoke Cannabis.

"Director" means the Director of the Department of Public Health, or his or her designee.

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

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

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

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

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

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

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

(c) A State Cannabis License.

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

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

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

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

(c) **Cannabis Smoking**. A Permittee in possession of this permit type may allow the on-site Smoking of Cannabis, and may also allow the Consumption of Pre-packaged Cannabis Products, and/or the Consumption of prepared Cannabis Products, subject to approval by the Director.

SEC. 8A.4. PERMIT APPLICATIONS AND AWARDS.

(a) Every applicant for a Cannabis Consumption Permit shall file an application with the Director upon a form provided by the Director and provide such additional information as may be required by the Director, in the exercise of his or her discretion. Every applicant shall pay a non-refundable application fee, unless the applicant is eligible for a fee waiver or reduction, as authorized by ordinance.

(b) A person may not file and the Director may not accept an application for a Cannabis Consumption Permit until after the Director has adopted rules, regulations, and/or guidelines to establish the minimum health and safety standards applicable to Permittees, as set forth in Section 8A.8.

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

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

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

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

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

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

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

(4) The applicant for a Cannabis Smoking permit has not demonstrated to the Director's satisfaction that the Designated Smoking Room meets or will meet the ventilation

standards set forth in subsection (i) of Section 8A.6, or the ventilation standards set forth in subsection (g)(4) of this Section 8A.4, where applicable.

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

(56) The on-site Consumption of Cannabis or *Cannabis Products, if permitted, would not comply with all applicable laws, including but not limited to the Building, Planning, Housing, Police, Fire, and Health Codes, and the Medicinal and Adult Use Cannabis Regulation and Safety Act, 2017 Cal. Legis. Serv. Ch. 27 (S.B. 94), and its implementing regulations, as may be amended from time to time.*

(g) Notwithstanding anything in this Article 8A, a Medicinal Cannabis Retailer, Cannabis Retailer, or Cannabis Microbusiness that applies for a Cannabis Smoking Consumption Permit ("Cannabis Smoking Permit Applicant") may allow Smoking on the Premises until such time as its application for a Cannabis Consumption permit has been approved or denied by the Director, provided that:

(1) The Cannabis Smoking Permit Applicant previously held a permit to operate a Medical Cannabis Dispensary at the same location, issued by the Director under Article 33 of the Health Code, or demonstrates to the Director's satisfaction that it had operated in compliance with the Compassionate Use Act of 1996, and was forced to discontinue operations as a result of federal prosecution or threat of federal prosecution;

(2) The Cannabis Smoking Permit Applicant was not prohibited by the Planning Department, the Planning Commission, or the Director from allowing smoking on the premises of the formerly permitted Medical Cannabis Dispensary; ~~and~~

(3) The Cannabis Smoking Permit Applicant submits its application for a Cannabis Smoking Consumption Permit not less than 30 days after such applications are made available by the Director.; and

(4) The Cannabis Smoking Permit Applicant demonstrates that it provides adequate ventilation within the structure such that doors and/or windows are not left open for such purposes resulting in odor emission from the premises.

SEC. 8A.5. PAYMENT OF ANNUAL LICENSE FEE.

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

SEC. 8A.6. OPERATING STANDARDS.

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

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

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

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

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

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

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

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

(i) A Designated Smoking Room must meet the following ventilation standards:

(1) The Designated Smoking room must have a separate heating, ventilation, and air-conditioning (HVAC) system such that none of the air in the Designated Smoking Room will be recirculated into other parts of the Cannabis Business' Premises.

(2) The air from a Designated Smoking Room must be directly exhausted to the outdoors by a filtration system that, at a minimum, eliminates all odor and smoke.

(3) Smoke from the Designated Smoking Room must not drift to other portions of the Premises.

(4) The Designated Smoking Room must be completely separated from the remainder of the Premises by solid partitions or glazing without openings other than doors, and all doors leading to the Designated Smoking Room must be self-closing. All doors to the Designated Smoking Room must be installed with a gasket to provide a seal where the door meets the stop.

(5) The Designated Smoking Room must meet such other health and safety standards as are adopted by the Director under Section 8A.8 of this Article 8.

(j) A Permittee with a Cannabis Smoking permit may not require employees to enter the Designated Smoking Room as a condition of their employment.

SEC. 8A.7. **ADMINISTRATIVE PENALTIES; PERMIT SUSPENSIONS AND REVOCATIONS;** ***NOTICE OF VIOLATIONS; HEARING AND APPEAL.***

(a) Any Person who violates this Article 8A (which is deemed to include a violation of

the rules, regulations, and guidelines adopted pursuant to this Article 8A) shall be subject to an administrative penalty imposed by order of the Director, not to exceed $1,000 for each violation, for each day such violation occurs.

(b) The Director may revoke or suspend a Cannabis Consumption permit if the Director finds that the Permittee has engaged in conduct that violates this Article 8A or its implementing rules, regulations, and guidelines, or if the Director finds that the Permittee is being managed, conducted, or maintained in a way that threatens the health or safety of Customers, employees, or the public at large.

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

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

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

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

(eg) An order after hearing to suspend or revoke a permit, or to impose additional permit conditions, may be appealed to the Board of Appeals in the manner prescribed in Article 1 of the Business and Tax Regulations Code; and such an order shall inform the recipient of this right to appeal.

SEC. 8A.8. RULES AND REGULATIONS.

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

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

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

SEC. 1009.22. PROHIBITING SMOKING IN BUILDINGS, CERTAIN VEHICLES, CERTAIN UNENCLOSED AREAS, ENCLOSED STRUCTURES CONTAINING CERTAIN USES, AND SPORTS STADIUMS.

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

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

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

(3) Polling places;

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

(5) Educational facilities;

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

(7) Nonprofit establishments, except that persons qualifying under California Health and Safety Code Section 11362.7 et seq. to use medical marijuana may smoke medical marijuana on the premises of a Medical Cannabis Dispensary with a valid permit

issued by the Department of Public Health under Article 33 of the Health Code *prior to September 26, 2017, provided that the medical cannabis dispensary was not prohibited by the Planning Department, the Planning Commission, or the Director of Health from allowing smoking on the premises*;

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

(9) Child care facilities, except when located in private homes;

(10) Facilities used for exhibiting motion pictures, drama, dance, musical performance, lectures, or other entertainment;

(11) Sports arenas; provided, however, that *s*Subsection (b) shall govern sports stadiums as defined in that subsection;

(12) Convention facilities;

(13) Restaurants~~, except that smoking will be allowed in outdoor and sidewalk dining areas of restaurants until six months after the effective date of this ordinance~~;

(14) Bars and Taverns, except for historically compliant semi-enclosed smoking rooms, the portion of an outdoor patio at least ~~ten~~*10* feet away from the entry, exit, or operable window of the bar or tavern, or as specified in Section*s* 1009.23(c) or 1009.23(d);

(15) Tourist Lodging Facilities;

(16) Homeless Shelters, including, but not limited to, the sleeping areas of those buildings;

(17) Tobacco Shops, except as specified in Section 1009.23(e);

(18) Facilities used to conduct charity bingo games pursuant to *California* Penal Code Section 326.5, during such times that persons are assembled in the facility in connection with such games; and,

(19) Farmers Markets, whether on public or private property.

* * * *

SEC. 1009.23. EXCEPTIONS.

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

* * * *

(f) Medicinal Cannabis Retailers, Cannabis Microbusinesses, and Cannabis Retailers that have received and maintain:

(1) A Cannabis Business Permit issued by the Director of the Office of Cannabis under Article 16 of the Police Code; and

(2) A Cannabis Consumption Permit that authorizes the smoking of cannabis, issued by the Director of Health under Article 8A of the Health Code, unless the smoking of cannabis is authorized under subsection (g) of Section 8A.4, pending the approval or denial of an application for such permit. ~~permitted by the Office of Cannabis under Article 16 of the Police Code that submit to the Director all documents required by the Director to demonstrate that the Medicinal Cannabis Retailer or Cannabis Retailer: previously held a valid permit to operate a Medical Cannabis Dispensary, issued by the Director under Article 33 of the Health Code prior to September 26, 2017, at the same location; was not prohibited by the Planning Department or the Planning Commission from allowing smoking on the premises of the Medical Cannabis Dispensary; and meets such ventilation standards as may be established by the Director to protect the health and safety of the Medicinal Cannabis Retailer's or Cannabis Retailer's employees, neighbors, and customers.~~

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

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

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

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

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

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

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

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

SEC. 3301. DEFINITIONS.

For the purposes of this Article *33*:

* * * *

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

* * * *

SEC. 3308. OPERATING REQUIREMENTS FOR MEDICAL CANNABIS DISPENSARY.

* * * *

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

SEC. 3322. TRANSITION PROVISION.

(a) Terms not defined in this Section 3322 shall have the meaning attributed to them in Section 1602 of the Police Code.

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

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

(d) Notwithstanding any provision in this Article 33, starting ~~January 1, 2018~~on the effective date of the ordinance in Board File Number 171042 establishing Article 16 of the Police Code, a medical cannabis dispensary that meets the eligibility criteria set forth in subsection (e) of this Section 3322 may Sell Adult Use Cannabis and Cannabis Products for a period of 120 days, provided the medical cannabis dispensary:

(1) Applies for and receives a State Cannabis License authorizing the retail Sale of Adult Use Cannabis;

(2) Receives a determination from the Planning Department that the Sale of Adult Cannabis on the Premises is in compliance with the Planning Code; ~~and~~

(3) Complies with all of the requirements and prohibitions imposed on Cannabis Retailers under Article 16 of the Police Code and its implementing rules and regulations, any violation of which shall be treated as a violation of this Article 33, subject to the penalties set forth in Sections 3314 and 3315.; ~~and~~

(4) Complies with subsection (c) of Section 1605 of the Police Code.;

(5) Submits to the Director a "Good Neighbor Policy," as described in subsection (b)(19) of Section 1609 of the Police Code, and a "Security Plan," as defined in

Section 1602 of the Police Code, along with written verification from the Office of Cannabis that the Director of the Office of Cannabis, or his or her designee, has determined that the policy and plan are adequate to enhance public safety and neighborhood needs;

(6) For medical cannabis dispensaries that have more than 10 employees, demonstrates to the satisfaction of the Director that within 120 days of the effective date of the ordinance in Board File Number 171042 establishing Article 16 of the Police Code, at least 30% of all Business Work Hours are performed by workers who meet at least three of the criteria set forth in subsection (b)(4) of Section 1604 of the Police Code; and

(7) Submits to the Director of the Office of Cannabis a written, actionable "Equity Plan" describing the concrete steps the medical cannabis dispensary will take to encourage and support the establishment and growth of Equity Operators, as defined in Section 1604 of the Police Code; provide employment opportunities to persons that have been disproportionately impacted by the criminalization of cannabis; and otherwise further the City's equity goals.

(e) The authorization to Sell Adult Use Cannabis and Cannabis Products set forth in subsection (d) of this Section 3322 applies only to:

(1) A medical cannabis dispensary that holds a valid permit under this Article 33 as of the effective date of the ordinance in Board File Number 171042; and

(2) A medical cannabis dispensary that is awarded a permit under this Article 33 at any time prior to December 31, 2018, provided the medical cannabis dispensary:

(A) Submitted a complete application for a medical cannabis dispensary permit to the Department of Public Health prior to July 20, 2017; and

(B) Demonstrates to the satisfaction of the Director that it operated a cannabis business in compliance with local law and the Compassionate Use Act of 1996, and

was forced to discontinue operations as a result of federal prosecution or threat of federal prosecution.

(f) The Director may extend the authorization to Sell Adult Use Cannabis for an additional 90 days beyond the 120 day period set forth in subsection (d) of this Section 3322 upon a finding that:

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

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

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

SEC. 3323. SUNSET PROVISION.

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

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

SEC. 1. DESIGNATING DEPARTMENTS FOR ISSUANCE OF PERMITS.

Permits shall be issued for the location and conduct of the businesses, enterprises, or activities, enumerated hereinafter in Sections 1.1 to 1.7~~6~~7, inclusive, by the department or office authorized by Sections 1.1 to 1.7~~6~~7, inclusive, and Section 2 of this Article 1 to issue each such class of permit, and subject to the approval of other departments and offices of the City and County, where specifically designated in any such case; provided that permit or license fees as required by ordinance shall be collected by the Tax Collector as provided in Section 3 of this Article.

* * * *

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

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

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

SEC. 96B.7. ~~*MARIJUANA*~~*CANNABIS* POLICY REFORM.

~~*(a)*~~ It shall be the policy of the City and County of San Francisco to support policies to tax and regulate ~~*marijuana*~~*cannabis* for adults.

~~*(b) Beginning three months after the effective date of this Ordinance and continuing annually thereafter, the Clerk of the Board of Supervisors shall send letters to Governor of California, the President of the United States, and all elected officials representing San Franciscans in the U.S. House of Representatives, the U.S. Senate, the California Assembly and the California Senate. The letters shall state, "The Board of Supervisors of the City and County of San Francisco has passed an ordinance to*~~

~~*deprioritize marijuana offenses by adults, and requests that the Federal and California State governments take immediate steps to tax and regulate marijuana use, cultivation, and distribution and to authorize State and local communities to do the same." The Clerk shall send this letter annually until State and Federal laws are changed accordingly.*~~

Section 9. Renumbering of Police Code Article 23 Sections. Existing Sections 1600-1618 of Article 23 of the Police Code shall be renumbered as new Sections 2300-2318, respectively, and any cross-references in the Municipal Code to existing Sections 1600-1618 shall be renumbered accordingly. These changes are not made for any substantive reason and shall have no substantive effect. The City Attorney shall direct the publisher of the Municipal Code to take all appropriate steps to effectuate this provision.

Section 10. The Administrative Code is amended by adding new Section 10.100-162 to Chapter 10, Article XIII, to read as follows.

SEC. 10.100-162. Office of Cannabis ~~Equity Operator~~Community Reinvestment Fund.

(a) **Establishment of Fund.** The ~~Equity Operator~~Community Reinvestment Fund ("the Fund") is established as a category six fund to receive any monies appropriated or donated for the purpose of ~~assisting Cannabis Businesses that are owned or managed by individuals who meet the criteria for Equity Applicants set forth in Section 1604 of the Police Code, and Equity Applicants who have been awarded a Cannabis Business Permit by the Office of Cannabis ("Equity Operators")~~ providing assistance to entities and organizations working to address the impact of: racially disproportionate arrests and incarceration, generational poverty, community degradation, housing insecurity, loss of educational and

employment opportunities, disruption of family structures, and other burdens of the failed War on Drugs.

(b) **Use of Fund.** The Fund shall be used ~~exclusively~~ by the Director of the Office of Cannabis or his or her designee ("Director") to provide the following types of assistance ~~to Equity Applicants and Equity Operators:~~

~~(1) Providing access to technical assistance, mentoring, and business consulting services;~~

~~(2) Financing capital improvements, construction, renovations, and leasehold improvements; and~~

~~(3) Providing access to legal services relating to the operation of the Cannabis Business.~~

(1) Workforce development;

(2) Access to affordable commercial real estate;

(3) Access to investment financing;

(4) Access to legal services and business administration.

(c) **Disbursement.** The Director shall authorize disbursements to eligible Equity Applicants and Equity Operators on a case-by-case basis in accordance with the policy adopted pursuant to subsection (d).

(d) **Administration of Fund.** By no later than April 1, 2018, the Director shall adopt a policy for implementation of this Section 10.100-162, which the Director may modify from time to time as the Director deems necessary or appropriate.

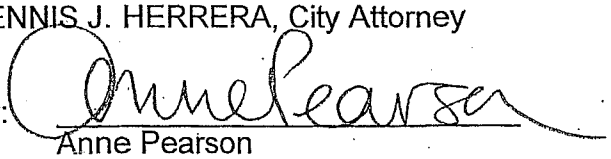
(e) **Annual Report.** The Director shall submit an annual written report to the Mayor, the Board of Supervisors, and the Controller within the first two weeks of July, showing for the prior fiscal year donations or appropriations received, the nature and amount of such

donations or appropriations, and the disposition thereof, together with a description of the individual payments made from the Fund.

Section 101. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 112. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

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

By: 
Anne Pearson
Deputy City Attorney

n:\legana\as2017\1700478\01236584.docx

FILE NO. 171042

REVISED LEGISLATIVE DIGEST

(11/28/2017, Amended in Board)

[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 implement an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry by providing priority permitting for Equity Applicants and Equity Incubators, as defined; 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) requiring all cannabis businesses to ensure that 50% of work hours are performed by San Francisco residents, and cannabis businesses with 10 or more employees to adopt labor peace agreements; 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) allowing pre-existing non-conforming cannabis operators to register with the Office of Cannabis and apply for cannabis business permits in 2018; 10) prohibiting the consumption of cannabis and cannabis products 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) allowing medical cannabis dispensaries to sell adult use cannabis for a period of 120 days, starting January 1, 2018, and 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"); 15) requiring the Department of Public Health to implement an ongoing public health education campaign about the safe consumption and health benefits of cannabis; 16) requiring the Controller to submit a report to the Board of Supervisors within one year of the effective date of Article 16 recommending whether the issuance of cannabis business permits should be subject to any limits; 17) establishing an Equity Operator Fund to receive any monies appropriated for the purpose of assisting Equity Operators; and 18) 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.

1. The Equity Program and Fund.

The ordinance requires the Director of the Office of Cannabis ("Director") to implement 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 Equity Applicants who meet specified criteria relating to income, assets, residence in select San Francisco tracts, criminal history, and/or history of housing insecurity.

The Equity Program will also offer priority permitting to Equity Incubators, who are defined as cannabis businesses that do not qualify as Equity Applicants, but that commit to: 1) hiring local San Francisco residents and individuals who meet equity requirements, and 2) providing support to Equity Operators by offering them technical assistance or rent-free commercial space.

The ordinance would also establish a Community Reinvestment Fund to receive monies that are appropriated or donated for the purpose of providing assistance to entities and organizations working to address the impact of racially disproportionate arrests and incarceration, generational poverty, community degradation, housing insecurity, loss of educational and employment opportunities, disruption of family structures, and other burdens of the failed War on Drugs. The Director would be authorized to disburse funds on a case-by-case basis, for the purpose of providing workforce development, access to affordable commercial real estate, access to investment financing, and access to legal services and business administration. The Director must adopt a policy governing such disbursements by no later than April 1, 2018.

2. Permit Categories.

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. However, Storefront Cannabis Retailers and Delivery-Only Cannabis would be required to sell both medicinal and adult use cannabis.

3. Transition Process for Permitted Medical Cannabis Dispensaries.

Businesses that 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, provided that they apply for and obtain a state cannabis license authorizing the retail sale of medicinal cannabis.

MCDs that hold a valid MCD permit as of the effective date of the proposed ordinance, as well as permitted MCDs that can demonstrate that they were previously subject to federal prosecution or threat of prosecution, would also be allowed to sell adult use cannabis and cannabis products, starting on the effective date of the ordinance, for a period of 120 days, provided that they:

- Obtain a state cannabis license authorizing adult use cannabis sales;
- Demonstrate that adult use cannabis sales on their premises are consistent with the Planning Code;
- Comply with those provisions of Article 16 of the Police Code that apply to cannabis retailers;
- Apply for an Article 16 permit from the Office of Cannabis once such permits are made available;
- Submit a Good Neighbor Policy and a Security Plan to the Office of Cannabis;
- Submit to the Office of Cannabis an actionable Equity Plan describing the concrete steps the MCD will take to encourage and support the establishment and growth of Equity Operators, and demonstrate good faith compliance with such plan; and
- For those MCDs that have more than 10 employees, demonstrate within 120 days that workers who meet equity criteria perform at least 30% of all business work hours.

An MCD that sells adult use cannabis and violates any provision in Article 16 of the Police Code applicable to cannabis retailers would be subject administrative and permit penalties as set forth in Article 33 of the Health Code.

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.

4. Transition Process for Non-Retail Cannabis Businesses and Delivery-Only Cannabis Retailers.

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 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 both medicinal and adult use cannabis.

5. Transition Process for Pre-Existing Non-Conforming Operators.

Businesses that have been operating as cannabis businesses in San Francisco, but in a location that is not zoned to allow such a business ("Pre-Existing Non-Conforming Operators") may register with the Office of Cannabis during the registration period, and may apply for a cannabis business permit in 2018, provided they find a location for their business that is consistent with the Planning Code, and meet all other eligibility criteria.

6. Applications for "Permanent" Permits.

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. Initially, the only businesses that will be eligible to receive permanent cannabis business permits will be:

- Equity applicants and Equity Incubators;
- Permitted MCDs that were issued their MCD permit prior to the effective date of Article 16;
- Temporary 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;
- Businesses that applied for an MCD permit prior to September 26, 2017 that required referral to and approval by the Planning Commission, and that obtained approval from the Planning Commission prior to the effective date of Article 16; and
- Pre-Existing Non-Conforming Operators.

The Office of Cannabis may not award a Cannabis Business Permit to an applicant that does not meet the criteria noted in the bullets above until the total number of permits awarded to Equity Applicants in the permit category sought by the applicant has reached 50% of the total number of Cannabis Business Permits in that category. For example, the Office of Cannabis may not award a Cannabis Retailer Permit to an applicant that does not fall into one of the bulleted categories until half of all Cannabis Retailer Permits that have been awarded are awarded to Equity Applicants.

The Office of Cannabis will review and process applications for Cannabis Business Permits in an order that reflects the Applicant's priority category:

- First priority: applications from Equity Applicants;
- Second priority: applications from Equity Incubators;
- Third priority: applications from Applicants, including Pre-Existing Non-Conforming Operators, that were operating in compliance with the Compassionate Use Act of 1996 before September 1, 2016;
- Fourth priority: applications that demonstrate a commitment on the part of the Applicant to provide benefits to the community in which the Cannabis Business is located, including but not limited to workforce opportunities and community benefits contributions; and
- Fifth priority: all other applications.

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.

7. Business Operating Standards.

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 consumption of cannabis and cannabis products will be prohibited on the premises of all cannabis businesses, except Medicinal Cannabis Retailers, Cannabis Retailers, and Cannabis Microbusinesses that receive and maintain a cannabis consumption

permit from the Department of Public Health. There will be three types of consumption permits: one permit category will allow the consumption of pre-packaged cannabis products only; a second permit category will allow limited preparation of cannabis products; and a third permit category will allow onsite smoking and vaping of cannabis.

- 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, and subject to strict reporting requirements.
- Cannabis Manufacturers will be prohibited from manufacturing non-cannabis products.
- All Cannabis Businesses will be required to ensure that at least 50% of all work hours performed for the business are performed by San Francisco residents, provided, however, that in 2018, cannabis businesses that formerly held an MCD permit would only be required to ensure that 35% of work hours are performed by San Francisco residents. In addition, Cannabis Businesses with 10 or more employees must agree to adopt a Labor Peace Agreement.
- To the extent consistent with state law, Storefront Cannabis Retailers may operate a "Compassion Program" in which they provide low- or no-cost medicinal cannabis to qualified patients, and Cannabis Cultivation Facilities and Cannabis Manufacturing Facilities may donate Cannabis to Storefront Cannabis Retailers for distribution through a Compassion Program.

8. Miscellaneous.

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 require the Department of Public Health to implement an ongoing public health education campaign relating to the safe consumption and health benefits of cannabis.

Within one year of the effective date of the proposed ordinance, the Controller's Office would be required to submit a report to the Board of Supervisors including recommendations about whether the issuance of cannabis business permits should be subject to any numerical, geographical, or other limits.

The ordinance would authorize the Director to adopt rules, regulations, or guidelines for the implementation of the ordinance. The ordinance would require the Director to adopt rules, regulations, or guidelines to ensure that cannabis retailers maintain and sell an inventory of medicinal cannabis and medicinal cannabis products that is sufficient in volume and variety to meet the diverse needs of qualified patients.

Background Information

This legislative digest reflects revisions included in a substitute ordinance introduced on October 24, 2017, amendments introduced in the Rules Committee on November 1, 2017, November 7, 2017, and November 13, 2017, and amendments introduced in meetings of the full Board of Supervisors on November 14, 2017 and November 28, 2017.

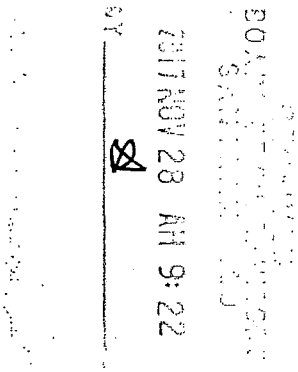
In 2015, the City enacted Ordinance No. 115-15, creating the San Francisco Cannabis State Legalization Task Force ("the Task Force") to advise the Board of Supervisors, the Mayor, and other City departments on matters relating to the potential legalization of non-medical cannabis. In December 2016, the 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.

n:\legana\as2017\1700478\01236719.docx

SAN FRANCISCO
OFFICE OF SMALL BUSINESS

CITY AND COUNTY OF SAN FRANCISCO
EDWIN M. LEE, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR



November 14, 2017

Ms. Angela Calvillo, Clerk of the Board
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

RE: BOS File No. 171042 [Various Codes - Regulation of Cannabis Businesses]

Small Business Commission Recommendation to the Board of Supervisors: **Approval, with ten (12) recommendations**

Dear Ms. Calvillo,

On October 23, 2017, the Small Business Commission (SBC) voted (6-0, 1 absent) to recommend that the Board of Supervisors approve BOS File No. 171170, with ten (10) recommendations. The legislation was subsequently amended. Some of the amendments address the SBC's first set of recommendations. The SBC heard the amended legislation on November 13, 2017 and took action by 6-0 vote (1 absent), on two specific amendments to File No: 171042.

- Recommend approval of Section 1604. Equity Program. The Commission supports the Equity Program proposal and appreciates the Board of Supervisors for extending the conviction history beyond cannabis related convictions and the State of California. (Recommendation #11)

- Recommend not to approve Section 1618. Eligibility and Operating Standards Applicable to all Cannabis Businesses. (ff) Local Hire Requirements as drafted. The Commission urges the Board of Supervisor to conduct a thorough jobs analysis to determine whether such a mandate could have implications that negatively impact the hiring and employee retention for San Francisco non-cannabis small businesses. And to work the Office of Economic and Workforce Development to identify the best means to meet the goals and intent of a Local Hire program. (Recommendation #12)

This memo reflects the ten original recommendations (some of which have already been addressed by the legislation), two additional recommendations made on November 13, 2017 (recommendations 11 and 12), and an amendment to add a missed recommendation (number 6b) from October 23, 2017.

1. **Amend SECTION 1605(d): Separate the registration process into 2 steps (without requiring disclosure of an exact address in the first step) and provide a pathway for existing operators to move toward compliance without interrupting the flow of the supply chain.**

   As proposed in the legislation, a business must register with the Office of Cannabis during the Cannabis Business Registration Period in order to be eligible for a temporary medicinal permit to operate in 2018. However, some businesses have not yet secured a properly zoned location,

which prevents them from completing the registration as it is currently structured. The SBC recommends that the process be split into two steps.

Step 1: All existing businesses operating in San Francisco will have a means to register and provide proof of their existence in San Francisco on or before 9/26/17. This would satisfy the requirement under Section 1605(b). (Note: this mirrors Oakland's process, which allows applicants who have not yet secured a location to apply and obtain conditional approval. The location requirement is considered a barrier to entry.)

Step 2: Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance, without having to wait until the general applications in 2019.

Allow businesses a certain amount of time (not less than 6 months) to come into compliance. Some small businesses would be unable to afford operating expenses without revenue and may go out of business; therefore, a pathway that would allow them to continue operating as they work toward compliance would be optimal.

Furthermore, the reality is that much of the cannabis industry is comprised of small businesses (small growers, edibles/topicals/ light manufacturers, and delivery operators) that operate in inappropriately zoned locations throughout the City. They are part of MCD collectives and are integral to the City's cannabis supply chains. Interrupting their operations would create complications in the current flow of products through the supply chain. Not allowing them to register or obtain a permit would encourage them to continue operating unlicensed and unpermitted.

Where possible under state law, allow "non-conforming" cottage operations. Some small businesses have relied on starting their business on a small scale at home, to establish themselves before signing an expensive lease agreement. Allowing cottage operations would also ease competition for a limited number of spaces with zoning designations such as PDR.

San Francisco should consider advocating for a change in policy at the state level to allow cottage production of cannabis food products.

2. **Allow small cannabis businesses to share spaces.**

Rent in the city is prohibitive for many small businesses, but sharing the cost of rent makes it feasible for some. This will be critical as businesses shift from residential to commercial spaces. Amendments include accommodations in the registration process, permitting process, and operating standards. Because of the state requirement that only one licensee may occupy the premises, the City will need to determine how to maintain distinct premises within a shared space.

3. **Amend SECTION 1620: Address issues with shortage of on-site consumption and smoking/vaporization options.**

The SBC expressed serious concern about the contradiction of allowing cannabis sales without providing avenues to legally consume or smoke/vape it. Commissioner Ortiz-Cartagena likened it to opening a lemonade stand and not providing cups.

Their concern relates to the shortage of legal places for "consumption" (eating, drinking, chewing, applying topically, or otherwise ingesting) as well as smoking and vaporization

("vaping"). The SBC recommended that the options for on-site consumption be expanded considerably if the City is to accommodate the many residents and tourists that are expected to use cannabis.

First, there are not enough spaces for consumption and smoking/vaping. The proposed ordinance only allows consumption at cannabis retailers, medicinal cannabis retailers, and microbusinesses, and a very small subset of these (8 retailers, to be exact) are allowed to have smoking/vaping on the premises. The 8 retailers, which are insufficient to handle the anticipated volume of consumers, would no longer be able to allow on-site smoking/vaping if they obtain adult use permits once they are available, leaving the City with zero on-site smoking/vaping locations. The logical result is that any cannabis user who prefers smoking/vaping over edibles will engage in such activity on sidewalks, in parks, in hotel rooms, in cars, etc.

Using tourism data from Colorado (a state in which adult use cannabis is legal) as a proxy for San Francisco tourists' interest in cannabis, staff developed a rough estimate of anticipated demand. A Colorado tourism study showed that 12 percent of tourists visited a cannabis retailer. According to SF Travel, there were 25.1 million visitors to San Francisco in 2016. Using the 12 percent figure from Colorado, we might estimate that just over a quarter-million tourists (251,000) will try to visit a cannabis retailer in San Francisco each month. Twelve percent is likely a conservative figure. Add to this figure San Francisco residents, a greater proportion of whom use cannabis than in any other city in the country.

Second, the City should consider whether it wants to encourage an edibles-only on-site consumption model. Edibles are processed in the body very differently than inhalation is processed. An edible is metabolized by the liver, enters the blood stream, and is associated with a stronger effect. It releases more slowly so the effects also lasts longer, but does not kick in for some time after ingestion. Persons unfamiliar with the way edibles work in the body should receive guidance on the appropriate dose and on the timing for effects to be felt. The effects of smoked or vaporized cannabis are felt much more quickly by the user and also fade more quickly, thereby facilitating self-dosing with little guidance. They are not interchangeable; users should have both options.

4. **Amend SECTION 1606(b)(5): Clarify the registration process for pipeline applicants that were left out of the process.**

   The SBC thanks the legislative sponsors for addressing this recommendation in Section 1606(b)(5) of the substitute legislation that was introduced on October 24, 2017.

5. **Amend SECTION 1618(0): Allow a cannabis retailer that holds an M-License to employ persons 18 and over (with a valid physician's recommendation).**

   State law (BPC Section 26140) does not require M-licensees to employ persons 21 and over, but the proposed City law would require all employees to be at least 21 years of age. Amend the ordinance to allow M-licensees to employ persons 18-21 years of age.

6. **Revise ownership provisions.**

   a) Ensure that MCD ownership provisions are able to accommodate the transition from not-for-profit to for-profit business structures.

   Such businesses should not inadvertently violate Article 33 during the temporary permitting

period under Article 16. This recommendation is not intended to provide a loophole for a transfer of ownership and operations to an entirely new set of individuals. (Suggestion: Amend Article 33 to strike the not-for-profit requirement under Section 3301(f).)

b) Ensure that cannabis businesses may receive investment.

The Commission recommended flexibility above 20%to allow small businesses to bring in partners or additional owners as investors. The Office of Cannabis should have the authority to make decisions on this point, as it is a complicated issue that may require some discretion and expedited decision making authority.

7. **Include additional felony records beyond only cannabis-related offenses are included when equity criteria are developed in the future.**

8. **Consider a distinction between topicals and edibles in the regulations.**

   If possible under state law, allow for cottage production of topicals (and eventually edibles, if state law can be changed). Also consider a distinction between topicals and edibles in manufacturing and on-site consumption regulations.

9. **Protect and preserve compassionate care programs in the new permitting process.**

   The new regulations and process for integrating existing cannabis businesses should not inadvertently eliminate compassionate care programs that many patients rely upon.

10. **Specify a radius of no more than 600 ft.**

    Retain the 600 ft. radius requirement regarding distance from a storefront retailer to an existing school, public or private, as proposed in the original draft of the legislation.

    To illustrate the practical implications of a more restrictive radius, take the example of District 8. 84.4% of District 8 residents voted "yes" on Proposition 64. A 1,000 foot radius requirement (the current radius requirement under the MCD regulations) would prevent cannabis retail in nearly every part of District 8, including the Castro district. Expanding the radius to be more restrictive produces effects that are inconsistent with voter intent. As drafted, BOS File No. 171042 specifies a radius of 600 feet, which the SBC supports.

    This recommendation is detailed further in the Small Business Commission's response to BOS File No. 171041.

11. **Support the Equity Program**

    The Commission supports moving forward the initial Equity Program proposal and appreciates the Board of Supervisors for extending the conviction history beyond cannabis related convictions and California.

12. **Strike any reference to workforce requirements in the legislation.**

    The Commission expressed significant concerns about the feasibility of meeting a local hire requirement mandate, including changing demographics of the City, practical challenges with compliance, and the potential negative consequences for non-cannabis employers.

Applying a blanket mandate does not get to or guarantee that the mandate will address the hiring needs of areas of the City where there unemployment is above 3%. An intent of the local hire program is to target employment from these areas for the hourly wage or lower salary range positions in the cannabis industry. These are the exact jobs that current non-cannabis small businesses (neighborhood retailers, restaurants, manufactures, etc.) are currently having difficulty in filling. The SBC is concerned that applying a blanket mandate will increase the challenge local small businesses are having in hiring and retaining employees due to the high cost of living in San Francisco.

The Commission urges the Board of Supervisor to conduct a thorough jobs analysis to determine whether a blanket mandate could have implications that negatively impact the hiring and employee retention for San Francisco non-cannabis small businesses. And to work the Office of Economic and Workforce Development to identify the best means to employ individuals that live in areas where the unemployment is above 3% in the cannabis industry.

On a general note, the proposed policies are already fairly conservative, displaying more caution than the election results suggest is necessary. San Francisco had the highest percentage of voters in support of any county in the state of California, at 74% of voters. For the sake of comparison, the next highest percentages of "yes" votes were in Santa Cruz County (69.9%) and Marin County (69.6%). The table below shows the number of votes per district and the percentages of voters for ("yes") and against ("no") Proposition 64.

Table 1: Proposition 64 Election Data (by district)

Supervisorial District	Number of votes	Yes (%)	No (%)
1	34,567	71.4%	28.6%
2	43,246	77.0%	23.0%
3	30,990	75.6%	24.4%
4	33,254	61.3%	38.7%
5	45,087	84.5%	15.5%
6	30,283	78.2%	21.8%
7	39,044	66.8%	33.2%
8	50,938	84.4%	15.6%
9	34,559	77.5%	22.5%
10	28,109	69.6%	30.4%
11	27,554	59.0%	41.0%
All Districts	***397,631***	***74.3%***	***25.7%***

In light of the very strong voter support for Proposition 64, amendments should move the legislation in a more progressive direction, rather than toward more conservative regulations or land use policies.

San Francisco has been a trailblazer in other policy areas. Considering the history of cannabis in the City, it should be a leader and innovator in developing progressive, common-sense cannabis policies. It should engage in thoughtful dialogue to develop policies that are rational and appropriate for their intended objectives (for example, to prevent youth access to cannabis), rather than allowing antiquated and unsubstantiated fears about cannabis to dominate the policy-making process.

The SBC respectfully requests that you amend the legislation to reflect the recommendations above and

approve promptly, remaining conscious of the timelines for the legislation to be effective on January 1, 2018 when the first licenses are to be issued.

Thank you for considering the Small Business Commission's comments. Please feel free to contact me should you have any questions.

Sincerely,

Regina Dick-Endrizzi
Director, Office of Small Business

cc: Edwin M. Lee, Mayor
Jeff Sheehy, Board of Supervisors
Ahsha Safai, Board of Supervisors
Sandra Fewer, Board of Supervisors
Norman Yee, Board of Supervisors
Nicole Elliott, Office of Cannabis
Barbara Garcia, Department of Public Health
Colleen Chawla, Department of Public Health
John Rahaim, Planning Department
Mawuli Tugbenyoh, Mayor's Office
Francis Tsang, Mayor's Office
Lisa Pagan, Office of Economic and Workforce Development
Alisa Somera, Rules Committee

SAN FRANCISCO
OFFICE OF SMALL BUSINESS

CITY AND COUNTY OF SAN FRANCISCO
EDWIN M. LEE, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

October 31, 2017

Ms. Angela Calvillo, Clerk of the Board
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

RE: BOS File No. 171042 [Various Codes - Regulation of Cannabis Businesses]

Small Business Commission Recommendation to the Board of Supervisors: **Approval, with ten (10) recommendations**

Dear Ms. Calvillo,

On October 23, 2017, the Small Business Commission (SBC) voted (6-0, 1 absent) to recommend that the Board of Supervisors approve BOS File No. 171042, with ten (10) recommendations:

1. **Amend SECTION 1605(d): Separate the registration process into 2 steps (without requiring disclosure of an exact address in the first step) and provide a pathway for existing operators to move toward compliance without interrupting the flow of the supply chain.**

   As proposed in the legislation, a business must register with the Office of Cannabis during the Cannabis Business Registration Period in order to be eligible for a temporary medicinal permit to operate in 2018. However, some businesses have not yet secured a properly zoned location, which prevents them from completing the registration as it is currently structured. The SBC recommends that the process be split into two steps.

   Step 1: All existing businesses operating in San Francisco will have a means to register and provide proof of their existence in San Francisco on or before 9/26/17. This would satisfy the requirement under Section 1605(b). (Note: this mirrors Oakland's process, which allows applicants who have not yet secured a location to apply and obtain conditional approval. The location requirement is considered a barrier to entry.)

   Step 2: Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance, without having to wait until the general applications in 2019.

   Allow businesses a certain amount of time (not less than 6 months) to come into compliance. Some small businesses would be unable to afford operating expenses without revenue and may go out of business; therefore, a pathway that would allow them to continue operating as they work toward compliance would be optimal.

   Furthermore, the reality is that much of the cannabis industry is comprised of small businesses (small growers, edibles/topicals/ light manufacturers, and delivery operators) that operate in

inappropriately zoned locations throughout the City. They are part of MCD collectives and are integral to the City's cannabis supply chains. Interrupting their operations would create complications in the current flow of products through the supply chain. Not allowing them to register or obtain a permit would encourage them to continue operating unlicensed and unpermitted.

Where possible under state law, allow "non-conforming" cottage operations. Some small businesses have relied on starting their business on a small scale at home, to establish themselves before signing an expensive lease agreement. Allowing cottage operations would also ease competition for a limited number of spaces with zoning designations such as PDR.

San Francisco should consider advocating for a change in policy at the state level to allow cottage production of cannabis food products.

2. **Allow small cannabis businesses to share spaces.**

Rent in the city is prohibitive for many small businesses, but sharing the cost of rent makes it feasible for some. This will be critical as businesses shift from residential to commercial spaces. Amendments include accommodations in the registration process, permitting process, and operating standards. Because of the state requirement that only one licensee may occupy the premises, the City will need to determine how to maintain distinct premises within a shared space.

3. **Amend SECTION 1620: Address issues with shortage of on-site consumption and smoking/vaporization options.**

The SBC expressed serious concern about the contradiction of allowing cannabis sales without providing avenues to legally consume or smoke/vape it. Commissioner Ortiz-Cartagena likened it to opening a lemonade stand and not providing cups.

Their concern relates to the shortage of legal places for "consumption" (eating, drinking, chewing, applying topically, or otherwise ingesting) as well as smoking and vaporization ("vaping"). The SBC recommended that the options for on-site consumption be expanded considerably if the City is to accommodate the many residents and tourists that are expected to use cannabis.

First, there are not enough spaces for consumption and smoking/vaping. The proposed ordinance only allows consumption at cannabis retailers, medicinal cannabis retailers, and microbusinesses, and a very small subset of these (8 retailers, to be exact) are allowed to have smoking/vaping on the premises. The 8 retailers, which are insufficient to handle the anticipated volume of consumers, would no longer be able to allow on-site smoking/vaping if they obtain adult use permits once they are available, leaving the City with zero on-site smoking/vaping locations. The logical result is that any cannabis user who prefers smoking/vaping over edibles will engage in such activity on sidewalks, in parks, in hotel rooms, in cars, etc.

Using tourism data from Colorado (a state in which adult use cannabis is legal) as a proxy for San Francisco tourists' interest in cannabis, staff developed a rough estimate of anticipated demand. A Colorado tourism study showed that 12 percent of tourists visited a cannabis retailer. According to SF Travel, there were 25.1 million visitors to San Francisco in 2016. Using the 12 percent figure from Colorado, we might estimate that just over a quarter-million tourists (251,000) will try to visit a cannabis retailer in San Francisco each month. Twelve percent is likely a

conservative figure. Add to this figure San Francisco residents, a greater proportion of whom use cannabis than in any other city in the country.

Second, the City should consider whether it wants to encourage an edibles-only on-site consumption model. Edibles are processed in the body very differently than inhalation is processed. An edible is metabolized by the liver, enters the blood stream, and is associated with a stronger effect. It releases more slowly so the effects also lasts longer, but does not kick in for some time after ingestion. Persons unfamiliar with the way edibles work in the body should receive guidance on the appropriate dose and on the timing for effects to be felt. The effects of smoked or vaporized cannabis are felt much more quickly by the user and also fade more quickly, thereby facilitating self-dosing with little guidance. They are not interchangeable; users should have both options.

4. **Amend SECTION 1606(b)(5): Clarify the registration process for pipeline applicants that were left out of the process.**

   The SBC thanks the legislative sponsors for addressing this recommendation in Section 1606(b)(5) of the substitute legislation that was introduced on October 24, 2017.

5. **Amend SECTION 1618(0): Allow a cannabis retailer that holds an M-License to employ persons 18 and over (with a valid physician's recommendation).**

   State law (BPC Section 26140) does not require M-licensees to employ persons 21 and over, but the proposed City law would require all employees to be at least 21 years of age. Amend the ordinance to allow M-licensees to employ persons 18-21 years of age.

6. **Ensure that MCD ownership provisions are able to accommodate the transition from not-for-profit to for-profit business structures.**

   Such businesses should not inadvertently violate Article 33 during the temporary permitting period under Article 16. This recommendation is not intended to provide a loophole for a transfer of ownership and operations to an entirely new set of individuals. (Suggestion: Amend Article 33 to strike the not-for-profit requirement under Section 3301(f).)

7. **Include additional felony records beyond only cannabis-related offenses when equity criteria are developed in the future.**

8. **Consider a distinction between topicals and edibles in the regulations.**

   If possible under state law, allow for cottage production of topicals (and eventually edibles, if state law can be changed). Also consider a distinction between topicals and edibles in manufacturing and on-site consumption regulations.

9. **Protect and preserve compassionate care programs in the new permitting process.**

   The new regulations and process for integrating existing cannabis businesses should not inadvertently eliminate compassionate care programs that many patients rely upon.

10. Specify a radius of no more than 600 ft.

Retain the 600 ft. radius requirement regarding distance from a storefront retailer to an existing school, public or private, as proposed in the original draft of the legislation.

To illustrate the practical implications of a more restrictive radius, take the example of District 8. 84.4% of District 8 residents voted "yes" on Proposition 64. A 1,000 foot radius requirement (the current radius requirement under the MCD regulations) would prevent cannabis retail in nearly every part of District 8, including the Castro district. Expanding the radius to be more restrictive produces effects that are inconsistent with voter intent. As drafted, BOS File No. 171042 specifies a radius of 600 feet, which the SBC supports.

This recommendation is detailed further in the Small Business Commission's response to BOS File No. 171041.

The Small Business Commissioners also discussed how to ensure that the equity program does not unintentionally leave out small businesses that are currently operating and that fit the equity business profile.

On a general note, the proposed policies are already fairly conservative, displaying more caution than the election results suggest is necessary. San Francisco had the highest percentage of voters in support of any county in the state of California, at 74% of voters. For the sake of comparison, the next highest percentages of "yes" votes were in Santa Cruz County (69.9%) and Marin County (69.6%). The table below shows the number of votes per district and the percentages of voters for ("yes") and against ("no") Proposition 64.

Table 1: Proposition 64 Election Data (by district)

Supervisorial District	Number of votes	Yes (%)	No (%)
1	34,567	71.4%	28.6%
2	43,246	77.0%	23.0%
3	30,990	75.6%	24.4%
4	33,254	61.3%	38.7%
5	45,087	84.5%	15.5%
6	30,283	78.2%	21.8%
7	39,044	66.8%	33.2%
8	50,938	84.4%	15.6%
9	34,559	77.5%	22.5%
10	28,109	69.6%	30.4%
11	27,554	59.0%	41.0%
All Districts	***397,631***	***74.3%***	***25.7%***

In light of the very strong voter support for Proposition 64, amendments should move the legislation in a more progressive direction, rather than toward more conservative regulations or land use policies.

San Francisco has been a trailblazer in other policy areas. Considering the history of cannabis in the City, it should be a leader and innovator in developing progressive, common-sense cannabis policies. It should engage in thoughtful dialogue to develop policies that are rational and appropriate for their intended

objectives (for example, to prevent youth access to cannabis), rather than allowing antiquated and unsubstantiated fears about cannabis to dominate the policy-making process.

The SBC respectfully requests that you amend the legislation to reflect the recommendations above and approve promptly, remaining conscious of the timelines for the legislation to be effective on January 1, 2018 when the first licenses are to be issued.

Thank you for considering the Small Business Commission's comments. Please feel free to contact me should you have any questions.

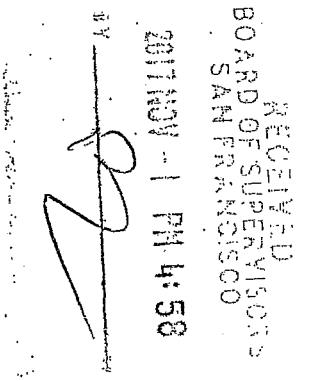
Sincerely,

Regina Dick-Endrizzi
Director, Office of Small Business

cc: Edwin M. Lee, Mayor
Jeff Sheehy, Board of Supervisors
Ahsha Safai, Board of Supervisors
Sandra Fewer, Board of Supervisors
Norman Yee, Board of Supervisors
Nicole Elliott, Office of Cannabis
Barbara Garcia, Department of Public Health
Colleen Chawla, Department of Public Health
John Rahaim, Planning Department
Mawuli Tugbenyoh, Mayor's Office
Francis Tsang, Mayor's Office
Lisa Pagan, Office of Economic and Workforce Development
Alisa Somera, Rules Committee

City & County of San Francisco

Cannabis Equity Report



Office of Cannabis, Human Rights Commission & Controller's Office

November 1, 2017

To the Mayor and Board of Supervisors:

On behalf of the Office of Cannabis, the Human Rights Commission, and the Controller's Office we proudly present the enclosed "Cannabis Equity Report" the Mayor and Board of Supervisors.

Our legislative mandate: produce a report analyzing available data related to disparities in the cannabis industry, and providing 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 offense.

We find that the War on Drugs had disastrous impacts on San Francisco. But with this sad history come opportunities to do something important and positive. As the City considers our regulatory structure for this emerging industry, we can do so thoughtfully and intentionally, by enacting policies that undo the racist practices of our past. This report includes a number of findings and recommendations to that end.

A successful program will ensure a more inclusive and diverse industry through ownership and workforce, an expansion of educational opportunities, an end to policies that burden communities that have been disproportionately impacted by the War on Drugs, and investment in communities that are disenfranchised because of the consequences of past drug policies.

This report is submitted with gratitude to the many contributors, including Office of the Controller, the Human Rights Commission Director and staff, Dr. William Armaline, Director of the Human Rights Program and an Associate Professor in the Department of Sociology and Interdisciplinary Social Sciences [SISS] at San José State University, Dr. Mike Males, Senior Research Fellow at the Center on Juvenile and Criminal Justice. The report was further advised by the work of the San Francisco Cannabis State Legalization Taskforce, Human Rights Commission staff convening of stakeholders, the feedback of experts and the community during the October 21, 2017 District 10 Cannabis Forum, the San Francisco Chapter of the California Growers Association, and numerous City departments.

We are grateful for your partnerships and look forward to working with you, San Francisco's policymakers, the community, and other impacted stakeholders as the City moves forward with development a thoughtful and impactful Cannabis Equity Program.

Table of Contents

List of Figures

List of Appendices

Appendix Letter	Appendix Name
A	Center on Juvenile and Criminal Justice Drug Arrests Report (2017)
B	Full List of Cannabis-Specific Statutes Reviewed
C	Equity Program Components and Targeted Barriers to Entry
D	Existing Resources
E	Taxation: State Structure & review of Other Jurisdictions' Tax Structures

I. Executive Summary

The case for equity is clear. For decades, the War on Drugs has had consequential impacts on communities of color in San Francisco. The impacts of this disproportionality are acutely felt today: poverty, education gaps, and criminal records are the vestiges of explicitly and implicitly racist drug enforcement policies.

The City's challenge today is also our opportunity. As we move towards embracing a new industry, we must take the opportunity to harness its potential to begin to restore historic inequities. Some cities have already created industry-specific equity programs, but San Francisco should develop and implement a program that makes sense for the residents of our City, balancing our priorities and reflecting our values.

This report was drafted by the staff of the Office of Cannabis, Human Rights Commission, and Controller's Office, with assistance from numerous City and community partners. It examines the local, state and national history of cannabis regulation, the War on Drugs, and its impact on our communities. It reviews known characteristics of the City's existing cannabis industry and discusses barriers to entry into the industry. This report also looks at other jurisdictions' equity programs for lessons learned. Finally, the report makes recommendations meant to inform the creation of San Francisco's Cannabis Equity Program. Outlined below are key findings and highlights across the various sections within the report, and a summary of the final recommendations.

Equity Analysis

- San Francisco has always been on the forefront of cannabis legalization.
- African Americans in San Francisco have endured disproportionately higher felony drug arrests and crackdowns.
- More recent decriminalization efforts helped to narrow those gaps, but people of color still interact with the justice system at a rate far higher than white San Franciscans.
- Significant social hurdles result from disproportionate arrest and incarceration rates.
- Although local data is incomplete at best and misleading at worst, it reveals a strong correlation between poverty and cannabis arrests.
- Taken together, this paints a troubling picture of the War on Drugs' impact on communities of color, even in a progressive city like San Francisco.
- Data suggests that San Francisco's cannabis industry (and the national industry) skews disproportionately white and male.

Barriers to Entry

- Financial and real estate barriers present major equity hurdles to individuals seeking to enter the regulated cannabis industry.
- Other barriers include the soft skills of entrepreneurship, compliance, and legal complexity.
- While Prop. 64 clears the way for people convicted of cannabis crimes to enter the industry, a past criminal history can still present significant challenges, like accessing financing or signing a lease.
- Where the City allows cannabis businesses to operate will have important impacts on whether we can grow the industry equitably.

Cannabis Equity Programs Analysis

- Oakland and Los Angeles both have real or proposed equity programs that may serve as a good model for San Francisco.
- Both cities aim to help people either arrested for cannabis or residents of high-enforcement neighborhoods, and offer a suite of fee waivers, technical assistance, and subsidized loans to equity applicants.
- Other cities and states also put in place policies to try to correct for historical imbalances.
- San Francisco should select the policy components that make the most sense for our city.

Findings & Recommendations

The Office of Cannabis and supporting agencies chose to present a series of findings and recommendations to guide the Mayor and Board of Supervisors as they legislate an equity program. The following policy areas of focus represent this report's core recommendations:

1. **Eligibility:** inform eligibility criteria with data, set tiered eligibility criteria to allow most affected groups to receive higher-value benefits, while extending some benefits to a wider range of applicants impacted by the War on Drugs.
2. **Permitting:** prioritize and assist Equity Applicants during the permitting process, and establish an incubator program to incentivize partnerships between Equity Applicants and other cannabis operators.
3. **Community Reinvestment:** direct new potential funding from local cannabis taxes or the state toward programming for communities impacted by the War on Drugs. Businesses should also be required to describe how their business will provide community benefits.
4. **Workforce Development:** promote equitable employment opportunities at all cannabis businesses, especially for formerly-incarcerated individuals and those living in neighborhoods impacted by the War on Drugs. Expand First Source and Local Hire to cover the cannabis industry.
5. **Financial & Capital Access:** take an active advocacy role to open up banking services, particularly through state and local credit unions, for the cannabis industry.
6. **Technical Assistance:** direct Equity Operators to existing technical assistance resources in the City, and create new technical resources within the Office of Cannabis. Facilitate partnerships with other existing Operators and non-profits to help overcome technical barriers.
7. **Criminal History:** hold streamlined expungement events for citizens convicted of eligible cannabis offenses.
8. **Stakeholder Engagement:** create culturally sensitive and district-specific outreach, and extend Task Force membership to include representatives from communities with high concentrations of individuals eligible for Equity status.
9. **Public Awareness & Education:** deploy an outreach campaign for the Equity Program.
10. **Data Collection & Accountability:** gather data on General and Equity Applicants on a regular basis to analyze the outcomes of the Equity Program, and use this data to refine the program. Enforce compliance of commitments made by applicants.
11. **Modification & Course Correction:** permitting in phases and communicating with stakeholder groups will allow for steady improvement of the regulatory structure.
12. **Land Use & Zoning:** create land use controls that mitigate overconcentration in disenfranchised neighborhoods.

II. Introduction

Mayor Lee has designated San Francisco's vision to be a safe, vibrant city of shared prosperity. Guided by the Human Rights Commission, the City incorporates strategies and programs that address the challenges resulting from prejudice, intolerance, bigotry, and discrimination. The City undertakes these challenges with the knowledge that the cumulative impact of systemic discrimination has depressed prosperity for us collectively.

In 1964, the stroke of a pen ended legal discrimination in the United States. However, as our country and our city has learned, the deletion of explicitly racist words, amendments to explicitly racist laws, and the terming out of explicitly racist policymakers were insufficient to address centuries of racialized outcomes. In the United States and in San Francisco, the legacy of those discriminatory laws remains: communities of color are still disproportionately incarcerated, unemployed, and impoverished.

The San Francisco Human Rights Commission has developed an equity framework, known as Engineering for Equity, for all City and County of San Francisco departments, including the Office of Cannabis, to provide the tools and strategies essential to making our government services more equitable for all. The equity framework helps city departments create and uphold transformational systems and approach actual and/or perceived limitations with innovation. It reflects the belief that city government can support resilient people and, in partnership with communities, can help develop foundations that uplift all.

This framework builds on shared definitions, developed in the interest of creating alignment across City departments working to ensure that all people are seen and heard fairly. Accordingly, this report adopts the Human Rights Commission's definitions for equity and community:

- **Equity:** Full and equal access to opportunities, power and resources, whereby all people may thrive and prosper regardless of demographics.
- **Community:** Stakeholders across San Francisco's diverse neighborhoods who are either benefited or burdened by public policies.

The legalization of adult-use cannabis presents an urgent opportunity to learn from the past and create accountable mechanisms to achieve shared prosperity. In anticipation of this, on September 5, 2017, the Board of Supervisors unanimously passed Ordinance No. 170859, creating the Office of Cannabis and requesting that the Office of Cannabis, the Human Rights Commission, and the Controller's Office deliver to them and the Mayor no later than November 1, 2017, a report analyzing available data related to disparities in the cannabis industry, and providing 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 offense.

As detailed in this report, the War on Drugs, has had disastrous impacts in San Francisco, in this city and in cities across the nation, these effects, including the creation of generational poverty, loss of property, community degradation, and loss of educational and employment opportunities, have been disproportionately shouldered by the poor and people of color, specifically African American and Latinx populations.

If the City is serious about improving the quality of life in San Francisco and helping those who have been disproportionately burdened by public policies like the War on Drugs, it must address systemic

barriers and understand the role that policies, practices, and procedures play in creating the current health, safety, economic mobility and community environment circumstances. We must remember the part these factors play in developing an equitable, inclusive and diverse city.

San Francisco is currently considering a proposed regulatory structure for local commercial cannabis activity beginning in 2018. The Commercial Cannabis Regulations Ordinance contemplates the creation of an Equity Program and makes clear that applications for adult-use commercial cannabis activity will not be made available until the City establishes a program designed to foster equitable access to participation in the cannabis industry, including access to workforce and ownership opportunities.

It is our hope that this report and its recommendations help inform the development of a robust equity program that ensures a cohesive, results-oriented strategy. A successful program will strengthen equitable access to the cannabis industry workforce, encourage entrepreneurship, and expand educational opportunities. It will help eliminate discriminatory institutional and structural policies and practices and strive to curtail the stigma against activities now legal under Proposition 64. This will require relevant departments to consider the impact of their services and develop transformational approaches that cut across multiple institutions, to disrupt institutional culture, and shift values and political will to create equity.

III. Equity Analysis

Methodology

This Equity Analysis section first examines the history of drug enforcement policies in the United States and in California, which informs this overall equity analysis. This section also examines arrest rates in San Francisco, starting with a broad view of all drug arrests and narrowing to cannabis arrests. It uses census data and arrests data to highlight which populations in San Francisco have experienced disproportionate levels of cannabis arrests. From there, it defines the size and scope of low-income communities in San Francisco, and geospatially cross-references cannabis arrests with low-income census tracts. The overlap provides some insight into the correlation between cannabis law enforcement and income status, highlighting which local communities have likely been economically disadvantaged by cannabis law enforcement. Finally, this analysis looks into the demographics of the existing legal cannabis industry, from a national perspective and a local one, exhibiting which populations have begun to economically benefit from gradual cannabis decriminalization.

Historical & Legislative Context of Cannabis Policies

United States Drug and Cannabis Policy

Food and drug regulation began in the United States with the Federal Food and Drug Act of 1906. The law permitted the U.S. Department of Agriculture's Bureau of Chemistry to test, regulate, and standardize commercial substances.[1] Between 1906 and 1942, the federal government primarily regulated narcotics through taxation, with the exception of opium and cocaine. The Opium Exclusion Act of 1909 limited opium imports, partially over legitimate concerns regarding the drug's level of addiction and health effects. However, its passage was contemporaneously supported by xenophobic fears of East Asian immigrants, foreshadowing the federal government's racialization of drug policy throughout much of the 20th century.[2] The Harrison Act of 1914 created a prescription registry and imposed a special tax on narcotics imports.

In 1927, Congress reorganized the drug regulatory structure by establishing the Food, Drug, and Insecticide Administration, which was shortened to the Food and Drug Administration in 1930. 1930 brought further administrative and bureaucratic changes, including the transfer of powers from existing agencies to the newly created Bureau of Narcotics.[3] The Bureau of Narcotics was given broad jurisdiction over controlling narcotics, and its first commissioner, Harry J. Anslinger, pushed cannabis regulations further towards criminalization and as an outlet for discrimination and marginalization.[4]

Throughout his tenure as Narcotics Commissioner, Anslinger gave speeches across the United States, portraying cannabis as, "a scourge on society, ruining the moral fabric of America..."[5] Anslinger often implicated Mexicans, Mexican-Americans, and African Americans as drug users, even stating explicitly that Mexico was responsible for introducing cannabis to the United States.[6] In *Marijuana: A Short History*, John Hudak connects the racialization of cannabis policy to wider geopolitical events at the time. After the

[1] Hudak, John. *Marijuana: A Short History*. Washington, D.C.: Brookings Institution Press, 2016, 32.
[2] Ibid., 34.
[3] Ibid., 35.
[4] Ibid., 35-36.
[5] Ibid., 36.
[6] Anslinger, Harry. *Marijuana, Assassin of Youth*. The American Magazine, 124, no. 1 (1937).

Mexican-American War (1846-1848) and continuing into the early 20th century, America received an influx of Mexican immigrants, which further exacerbated existing racial tensions. Hudak writes, "As Americans sought a pretext to vilify this new immigrant community, they found an ideal culprit in marijuana...fear and anti-immigrant sentiment prompted state-level bans on cannabis...".[7]

Anslinger conducted public opinion campaigns to support the criminalization of cannabis at the state and federal levels. By the time Congress passed the Uniform State Narcotic Act in 1932, urging states to unify narcotics laws and implement criminal punishments, 29 states had already criminalized the use of cannabis.[8] The Marihuana Tax Act of 1937 levied a tax on every group involved with producing, distributing, selling and purchasing cannabis, including importers, growers, sellers, prescribers, physicians, veterinarians, patients, and other consumers. Failing to pay any of these taxes resulted in heavy fines and jail time.[9]

Despite facing some objections against implementing harsh punishments for cannabis offenses, Anslinger and Congress continued to criminalize cannabis in stricter terms.[10] The Boggs Act of 1951 created mandatory minimum sentences for those convicted of drug-related offenses. These sentences were soon increased with the Narcotics Control Act of 1956.[11]

The counterculture movements of the 1960s pushed back against social norms and government actions and policies that were perceived as unjust.[12] Cannabis took on a visible role within some of these countercultures, as well as within the music industry and media. Cannabis use increased among American youth, and the United States government, perceiving itself as under siege, responded again with increased criminalization.[13]

Presidential administrations from the 1950s onward frequently pushed the criminalization of cannabis alongside urgent social narratives. President Eisenhower's Interdepartmental Committee on Narcotics published a report in 1956 that detailed the harms of cannabis on youth and communities, without scientifically evaluating the impacts of cannabis usage.[14] One exception was President Kennedy's Advisory Committee on Narcotic and Drug Abuse, established with Executive Order 11076 in 1963, which found that drugs were not grouped together legally based on the risk of addiction or level of health effects, and even stated that mandatory minimums should be reconsidered.[15] However, Kennedy was assassinated shortly thereafter, and his successor, President Johnson, did not take action on many of the Committee's findings.

Despite this, Lyndon B. Johnson had a relatively nuanced stance on drug usage, distinguishing between dealers and users and recognizing the public health and safety need for treatment. However, Richard Nixon's election in 1968 redirected the government's focus back to criminalization and punishment.[16] After Congress passed the Controlled Substances Act in 1970, President Nixon formally declared a "War

---

[7] Hudak, John. *Marijuana: A Short History*, 38.
[8] Ibid., 37.
[9] Ibid.
[10] Ibid., 38-39.
[11] Ibid., 39.
[12] Ibid., 41-42.
[13] Ibid., 42.
[14] Ibid., 43-44.
[15] Ibid., 46.
[16] Ibid., 48.

on Drugs".[17] Nixon, however, had been focused on this war for years, as a part of his "Southern Strategy," which sought to marginalize vulnerable populations, especially minorities.[18] In fact, Nixon's adviser, John Ehrlichman, was recorded in a 1981 interview with Lee Atwater, saying:

We knew we couldn't make it illegal to be either against the war or black, but by getting the public to associate the hippies with marijuana and blacks with heroin, and then criminalizing both heavily, we could disrupt those communities. We could arrest their leaders, raid their homes, break up their meetings, and vilify them night after night on the evening news. Did we know we were lying about the drugs? Of course we did.[19]

The events and actions that led to Nixon's formal War on Drugs proclamation include a 1969 speech to Congress, in which Nixon declared cannabis a national threat; the Supreme Court case *Leary v. United States*; Operation Intercept, a military operation that seized contraband at the U.S.-Mexico border; and the 1969 Bipartisanship Leadership Meeting on Narcotics and Dangerous Drugs.[20]

The 1970 Controlled Substances Act is crucial because it formalized drug schedules, which categorized drugs into legal groups for sentencing and other purposes.[21] However, Congress, not the scientific or medical community, sorted drugs into schedules, placing cannabis in Schedule I alongside drugs with much higher levels of addiction and health effects.[22] The law expanded the government's powers for regulating drugs and gave Nixon the foundation for his upcoming War on Drugs.[23] Nixon's final substantial action in the War on Drugs was his proposal to Congress to reorganize the government agencies that regulate drugs and narcotics, the "Reorganization Plan 2 of 1973".[24] Congress approved and the Drug Enforcement Administration (DEA) was created within the Department of Justice. The DEA consolidated functions and jurisdictions and has consistently received significant increases in funding and employees since its creation.[25]

President Ford continued Nixon's tough rhetoric, expanding the United States' involvement in drug operations internationally. At the same time, Ford supported treatment and prevention, later revealing that drug addiction was a personal issue to his family. Like President Ford before him, Carter worked to stem international drug trafficking while attempting to reform aspects of drug policy at home. In his 1977 "Drug Abuse Message to the Congress," Carter laid out his vision to increase funding for research, create

---

17 Nixon, Richard. "Special Message to the Congress on Drug Abuse Prevention and Control, June 17, 1971." The American Presidency Project. Accessed October 30, 2017. http://www.presidency.ucsb.edu/ws/?pid=3048.
18 Hudak, John. Marijuana: A Short History, 50.
19 13th. Directed by A. DuVernay. Produced by H. Barish and S. Averick. United States: Netflix, 2016.
20 Hudak, John. Marijuana: A Short History, 51-52; Nixon, Richard. "Special Message to the Congress on the Control of Narcotics and Dangerous Drugs, July 14, 1969." The American Presidency Project. Accessed October 30, 2017. http://www.presidency.ucsb.edu/ws/?pid=2126.
21 The Diversion Control Division. "Title 21 United States Code (USC) Controlled Substances Act." U.S. Department of Justice. Accessed October 30, 2017. https://www.deadiversion.usdoj.gov/21cfr/21usc/811.htm.
22 Hudak, John. Marijuana: A Short History, 54.
23 Ibid., 55.
24 Nixon, Richard. "Message to the Congress Transmitting Reorganization Plan 2 of 1973: Establishing the Drug Enforcement Administration, March 28, 1973." The American Presidency Project. Accessed October 30, 2017. http://www.presidency.ucsb.edu/ws/index.php?pid=4159.
25 The Drug Enforcement Agency. "DEA Staffing & Budget." DEA.gov. Accessed October 30, 2017. https://www.dea.gov/pr/staffing.shtml.

federal prevention and treatment programs, and shift the government's regulatory focus to drugs with more severe health consequences. Carter's proposals were never realized.[26]

Like Nixon, Reagan incorporated drug policy into his broader political strategy. He continued to expand the United States' drug involvement efforts internationally while enhancing penalties and reducing defenses for the accused domestically.[27] Finally, Reagan expanded education and treatment programs, enlisting the help of First Lady Nancy Reagan. With Executive Order No. 12368, Reagan created the Drug Abuse Policy Office.[28] The Office quickly won a series of legislative successes, including the Comprehensive Crime Control Act of 1984, the Anti-Drug Abuse Act of 1986, and the Anti-Drug Abuse Act of 1988.[29] All of these laws enhanced criminal punishments for drug-related offenses. The 1986 law expanded the crimes to which mandatory minimums applied, and the 1988 law enhanced these minimums.[30] In 1989, President H.W. Bush created the Office of National Drug Control Policy, replacing Reagan's Drug Abuse Policy Office. The director of this office is referred to as the "Drug Czar", whose influence in U.S. drug policy continues to this day.[31]

The 1988 law also increased funding for education programs, and redirected funds in other programs towards drug-related programs. Researchers have evaluated the effectiveness of drug education programs, and found limited, if any, effects on curbing drug use among American youth.[32]

President Bill Clinton incorporated kinder rhetoric when speaking about drug use, although his policies continued to intensify criminal punishments for cannabis.[33] For instance, the Violent Crime Control and Law Enforcement Act of 1994 intensified criminalization, introducing the "three strikes" provision for traffickers, and increased funding for prisons and local law enforcement.[34] After the 1994 law, arrests for cannabis users increased significantly. In 1991, there were around 327,000 arrests for cannabis-related offenses. By 2000, there were over 700,000.[35] Meanwhile, states began legalizing medical cannabis; some states authorized medical cannabis on the day Clinton was reelected to office.[36]

Public opinion about cannabis reversed became increasingly positive in the 1990s and 2000s,[37] a trend that has continued to the present. In 2000, 31% of Americans supported the legalization of cannabis. By

---

26 John Hudak. Marijuana: A Short History, 67-70; Carter, Jimmy. "Drug Abuse Message to the Congress, August 2, 1977." The American Presidency Project. Accessed October 30, 2017. http://www.presidency.ucsb.edu/ws/?pid=7908.

27 Hudak, John. Marijuana: A Short History, 73.

28 Reagan, Ronald. "Executive Order 12368: Drug Abuse Policy Functions, June 24, 1982." The American Presidency Project. Accessed October 30, 2017. http://www.presidency.ucsb.edu/ws/index.php?pid=42672.

29 Hudak, John. Marijuana: A Short History, 76.

30 Ibid.

31 Ibid.

32 Engs, Ruth C., and Fors, Stuart W. "Drug Abuse Hysteria: The Challenge of Keeping Perspective." Journal of School Health 58, no. 1 (1988): 26-28.

33 Hudak, John. Marijuana: A Short History, 81-82.

34 Ibid., 82-83.

35 King, R., and M. Mauer. "The War on Marijuana: The Transformation of the War on Drugs in the 1990's." The Harm Reduction Journal 3, no. 6 (2006).

36 Hudak, John. Marijuana: A Short History, 83.

37 Pew Research Center. "In Debate over Legalizing Marijuana, Disagreement over Drug's Dangers." Accessed October 29, 2017. http://www.people-press.org/2015/04/14/in-debate-over-legalizing-marijuana-disagreement-over-drugs-dangers/2/.

2013, nearly 58% of those polled supported legalization.[38] Much of this shift in public opinion is attributed to generational acceptance and an increase in the number of individuals who have tried or used cannabis.[39]

While campaigning for President, George W. Bush conveyed his support for allowing states to determine their own cannabis policies. During a campaign event in Seattle, Bush stated, "I believe each state can choose that decision as they so choose".[40] Despite this initial stance, President Bush's drug policies closely resembled those of his predecessors, focusing on international trafficking, law enforcement and treatment.[41] What's more, the Bush Administration frequently conducted raids on medical cannabis dispensaries, including dispensaries that functioned legally under state law.[42]

President Obama voiced support for the concept of medical cannabis, and promised a Justice Department Policy that would allow dispensaries to operate unimpeded. In a formal memo to United States Attorneys in 2009, Attorney General Holder wrote that the Obama Administration would end raids on cannabis distributors. It states that "...the prosecution of significant traffickers of illegal drugs, including marijuana...continues to be a core priority...pursuit of these priorities should not focus federal resources in your states on individuals whose actions are in clear and unambiguous compliance with existing state laws providing for the medical use of marijuana."[43] Holder did, however, oppose adult-use cannabis. His position became public in response to a 2010 California ballot initiative, which would have legalized adult-use cannabis in California, but failed to win a majority vote.[44]

Then, in 2011, the Justice Department announced a crackdown on medical cannabis dispensaries across the United States. In a memo released on June 29, 2011, Deputy Attorney General James Cole communicated that the Justice Department would prosecute persons involved in producing, distributing, and selling cannabis, "regardless of state law".[45] Shortly afterwards, California's four U.S. Attorneys proceeded to announce criminal charges against cannabis dispensaries and threaten landlords with property seizure (See "California Cannabis Policy," below).

Like George W. Bush before him, Donald Trump vowed to leave medical cannabis policy to individual states while campaigning. As President, however, Trump nominated then-Senator Jeff Sessions for

---

38 Swift, Art. "For the First Time, Americans Favor Legalizing Marijuana." Gallup. Accessed October 30, 2017. http://news.gallup.com/poll/165539/first-time-americans-favor-legalizing-marijuana.aspx.

39 Hudak, John. Marijuana: A Short History, 91-92.

40 Hsu, Spencer. "Bush: Marijuana Laws Up to States; But GOP Candidate Says Congress Can Block D.C. Measure." The Washington Post, October 22, 1999. Accessed October 30, 2017. http://news.gallup.com/poll/165539/first-time-americans-favor-legalizing-marijuana.aspx.

41 Marquis, Christopher. "Bush's $19 Billion Antidrug Plan Focuses on Law Enforcement and Treatment." The New York Times, February 13, 2002. Accessed October 30, 2017. http://www.nytimes.com/2002/02/13/us/bush-s-19-billion-antidrug-plan-focuses-on-law-enforcement-and-treatment.html?ref=topics.

42 Johnston, David and Lewis, Neil. "Obama Administration to Stop Raids on Medical Marijuana Dispenseries." The New York Times, March 18, 2009. Accessed October 30, 2017. http://www.nytimes.com/2009/03/19/us/19holder.html; Taylor, Stuart. "Marijuana Policy and Presidential Leadership: How to Avoid a Federal-State Train Wreck." The Brookings Institution, April 11, 2013. Accessed October 30, 2017. https://www.brookings.edu/research/marijuana-policy-and-presidential-leadership-how-to-avoid-a-federal-state-train-wreck/.

43 Taylor, Stuart. "Marijuana Policy and Presidential Leadership: How to Avoid a Federal-State Train Wreck," 20.

44 Ibid., 21.

45 Ibid., 22.

Attorney General of the United States,[46] an opponent of medical cannabis and any effort to decriminalize cannabis or to reduce criminal punishments. At a Senate drug hearing in April 2016, Sessions stated:

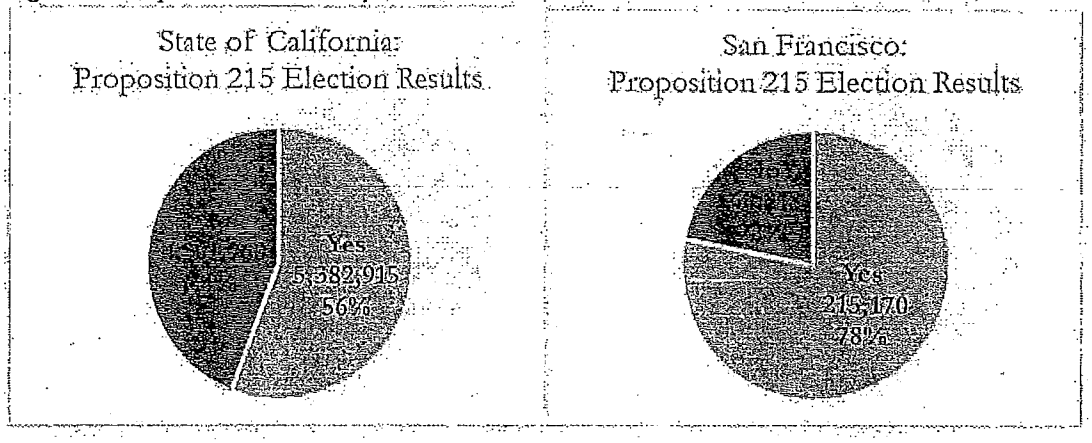
> ...we need grown-ups in charge in Washington to say marijuana is not the kind of thing that ought to be legalized, it ought not to be minimized, that it's in fact a very real danger...this drug is dangerous, you cannot play with it, it is not funny, it's not something to laugh about...and to send that message with clarity that good people don't smoke marijuana.[47]

Attorney General Sessions' stance on cannabis is reminiscent of Anslinger's statements, which rejected cannabis on moral grounds without acknowledging its similarities to legal substances such as tobacco and alcohol.

California Cannabis Policy

In 1996, California passed Proposition 215, the Compassionate Use Act, with 56% of the votes statewide, and 78% in San Francisco as illustrated in Figure 1 below.

Figure 1. Proposition 215: Comparison of California and San Francisco Election Results



In doing so, California became the first state in America to legalize cannabis for medical use. The Compassionate Care Act allowed patients and qualified caregivers to cultivate and possess cannabis for personal use, however it did not provide a regulatory structure.[48] ITo clarify the Compassionate Use Act, the State Legislature passed Senate Bill 420 in 2003. This bill also provided for the creation of an identification program for qualified patients.[49]

In addition to legalizing medical cannabis, California voters propelled the state's drug policy away from criminalization and harsh punishments. In 2000, voters approved the Substance Abuse and Crime

46 Ingraham, Christopher. "Trumps Pick for Attorney General: 'Good People Don't Smoke Marijuana'" The Washington Post, November 18, 2016. Accessed October 30, 2017. https://www.washingtonpost.com/news/wonk/wp/2016/11/18/trumps-pick-for-attorney-general-good-people-dont-smoke-marijuana/?utm_term=.854263e133ee.

47 Ibid.

48 "Uniform Controlled Substances Act." California Legislative Information. Accessed October 28, 2017. https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=11362.5.&lawCode=HSC.

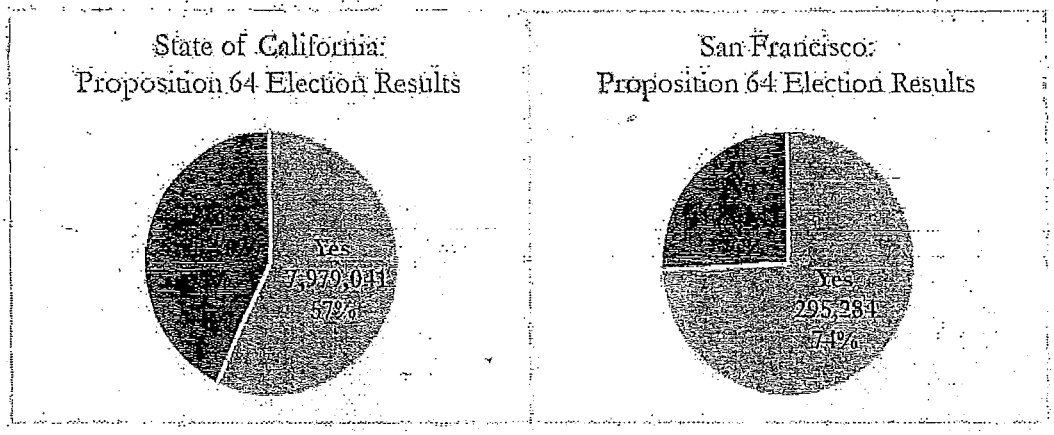
49 "Bill Number: SB 420, Bill Text." California Legislative Information. Accessed October 28, 2017. ftp://www.leginfo.ca.gov/pub/03-04/bill/sen/sb_0401-0450/sb_420_bill_20031012_chaptered.html.

Prevention Act, directing the state to offer eligible offenders treatment rather than jail-time for drug possession and drug use.[50]

Between 2003 and 2015, the commercial cannabis industry grew with few rules and regulations. It wasn't until 2015 and the passage of the Medical Marijuana Regulation and Safety Act that California established a legal framework to regulate and monitor cannabis dispensaries.[51] Originally set to take effect on January 1, 2016, the Medical Marijuana Regulation and Safety Act was amended via the Medical Cannabis Regulation and Safety Act in June 2016. This updated piece of legislation aimed to incorporate stronger environmental protection policies within a comprehensive licensing system.[52]

On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act, legalizing the distribution, sale, and possession of cannabis.[53] Proposition 64 passed with 57% of the vote statewide and 74% of the vote in San Francisco, as illustrated in Figure 2 below.

Figure 2: Proposition 64: Comparison of California and San Francisco Election Results



The Adult Use of Marijuana Act (AUMA) of 2016 was modeled on the Medical Marijuana Regulation and Safety Act (MMRSA) of 2015. In 2017 California sought to create one regulatory system for both medical and adult-use use. Therefore, this last June, Governor Jerry Brown signed the Medicinal and Adult Use Cannabis Regulation and Safety Act into law, reconciling the differences between AUMA and MMRSA, and taking a crucial step towards developing a regulatory framework to facilitate a legal, for-profit cannabis sector for both medicinal and adult-use.[54]

---

50 "The Substance Abuse & Crime Prevention Act of 2000." County of Santa Clara's Public Defender Office, March 13, 2013. Accessed October 28, 2017. https://www.sccgov.org/sites/pdo/Pages/SACPA.aspx.
51 "AB-243, Medical Marijuana." California Legislative Information. Accessed October 30, 2017. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB243.
52 "SB-643, Medical Marijuana." California Legislative Information. Accessed October 29, 2017. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB643.
53 "AB-64, Cannabis: Licensure and Regulation." California Legislative Information. Accessed October 29, 2017. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB64.
54 "SB-94 Cannabis: Medicinal and Adult Use." California Legislative Information. Accessed October 30, 2017. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB94; "State and Local Cannabis regulations under the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA)." The Sonoma County Bar Association. Accessed October 30, 2017. http://www.sonomacountybar.org/wp-content/uploads/2017/09/12-12-17-Cannabis-Regulation-Safety-Act.pdf.

San Francisco Cannabis Policy

Prior to the passage of the statewide Compassionate Use Act, San Francisco voters passed Proposition P, Hemp Medication, in 1991. The proposition asked whether San Francisco would recommend that the State of California and the California Medical Association restore "hemp medical preparations" to California's official list of medicines.[55] There were three paid arguments on the ballot in favor of Proposition P, which provided quotes from physicians and cited scientific institutions in arguing for cannabis' medical benefits.[56] Voters approved the proposition with nearly 80% of the vote.[57]

In 1999, San Francisco's Health Commission adopted Resolution No. 29-99, "Supporting the Development and Implementation of a Voluntary Medical Cannabis Identification Card Program."[58] This resolution supported the development of an identification card program for medical cannabis for individuals who qualified under the Compassionate Use Act as patients or primary caregivers. In 2000, the Board of Supervisors formally created San Francisco's current identification program for medical cannabis.[59]

In 2002, the Board of Supervisors placed Proposition S, titled "Medical Marijuana," on the ballot. The proposition was a declaration of policy, directing the Mayor, Board of Supervisors, District Attorney, City Attorney, and Department of Public Health to explore the possibility of creating a program to grow and distribute medical marijuana.[60] Proposition S passed with approximately 62% of the vote.[61]

In March 2005, the Board of Supervisors passed Ordinance No. 64-05, "Zoning – Interim Moratorium on Medical Cannabis Dispensaries".[62] The ordinance expressed concern over the significant increase in the number of individuals enrolled in the city's voluntary medical cannabis identification program, stating "In 2002, there were approximately 2,200 individuals registered...and there are now over 5,000 or 7,000 individuals enrolled".[63] The ordinance acknowledged that there were no mechanisms to regulate or monitor medical cannabis dispensaries and therefore imposed a moratorium on new medical clubs and dispensaries. On November 22, 2005, the Board of Supervisors unanimously passed Article 33 of the San

55 Office of the Registrar of Voters. San Francisco Voter Information Pamphlet and Sample Ballot. PDF. The San Francisco Public Library, 1991. Accessed October 29, 2017.
https://sfpl.org/pdf/main/gic/elections/November5_1991short.pdf.
56 Ibid., 146.
57 "San Francisco Ballot Propositions Database." The San Francisco Public Library. Accessed October 29, 2017.
https://sfpl.org/index.php?pg=2000027201&PropTitle=&Description=&PropLetter=p&Month=&Year=1991&submit=Search.
58 The San Francisco Health Commission. Minutes of the Health Commission Meeting. The San Francisco Department of Public Health, 2000. Accessed October 29, 2017.
https://www.sfdph.org/dph/files/hc/HCMins/HCMin2000/HCMin07182000.htm.
59 Ibid.
60 The Department of Elections. Voter Guide: November 5, 2002. PDF. The City and County of San Francisco, 2002.
https://sfpl.org/pdf/main/gic/elections/November5_2002.pdf.
61 "San Francisco Ballot Propositions Database." The San Francisco Public Library.
62 The San Francisco Board of Supervisors. Ordinance No. 64-05: Zoning - Interim Moratorium on Medical Cannabis Dispensaries. PDF. The City of San Francisco, 2005. Accessed October 30, 2017.
63 Ibid.

Francisco Health Code, which provided codes, rules, regulations, and operating procedures for medical cannabis dispensaries.[64]

Despite the city's 2005 moratorium on cannabis dispensaries, San Francisco and its Board of Supervisors continued to support cannabis for medicinal purposes as a whole. In 2007, the Board of Supervisors passed Resolution No. 307-07, "acknowledging [the] importance of safe and legal access to medical cannabis in San Francisco."[65] The resolution further urged the U.S. Attorney's Office in San Francisco to cease from investigating and prosecuting medical cannabis providers, caregivers and patients.

On October 7, 2011, California's four United States Attorneys announced law enforcement efforts against illegal operations within the for-profit cannabis industry.[66] Melinda Haag, the U.S. Attorney General for Northern California at the time, threatened landlords of cannabis dispensaries located near schools with property seizure.[67]

Anticipating the decriminalization of adult-use cannabis for adults, the San Francisco Board of Supervisors created the Cannabis State Legalization Task Force in 2015.[68] The task force is comprised of a range of stakeholders, from representatives of the Department of Public Health, to industry members, and community residents. The task force hosts public meetings to discuss issues related to the regulation of adult-use cannabis activity in an effort to advise the City's policymakers on the legalization of adult-use cannabis. To date, the task force has created over 200 recommendations for consideration.

San Francisco's "Budget and Appropriation Ordinance" for the Fiscal Year 2017-2018 established the Office of Cannabis to coordinate city departments and state agencies for the regulation of commercial cannabis activity in 2018.[69]

Arrest Rates in San Francisco

To better understand which individuals and communities have been disproportionately impacted by War on Drugs enforcement policies, this section takes available data sets and reviews arrests rates by race, ethnicity, and geographic location in the City and County of San Francisco. The arrest analysis relies on

64 The San Francisco Department of Public Health. Article 33: Medical Cannabis Act. PDF. The City and County of San Francisco. Accessed October 30, 2017. https://www.sfdph.org/dph/files/EHSdocs/MedCannabis/MCD-Article_33.pdf.

65 The San Francisco Board of Supervisors. Resolution No. 307-07: Condemning Prosecution of Medical Marijuana by the Federal Government. PDF. The City of San Francisco, 2007. Accessed October 30, 2017. http://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0307-07.pdf.

66 "California's Top Federal Law Enforcement Officials Announce Enforcement Actions against State's Widespread and Illegal Marijuana Industry." The United States Attorney's Office, October 7, 2011. Accessed October 30, 2017. https://www.justice.gov/archive/usao/cac/Pressroom/2011/144a.html.

67 United States Attorney, Northern District of California. Re: Marijuana Dispensary at REDACTED City and County of San Francisco APN: REDACTED. PDF. KQED. Accessed October 30, 2017. http://ww2.kqed.org/news/wp-content/uploads/sites/10/2011/10/US-Attorney-marijuana-letter.pdf.

68 "Knowledge Sharing & Collaboration: Cannabis State Legislation Task Force." The San Francisco Department of Public Health, 2015. Accessed October 29, 2017. https://www.sfdph.org/dph/comupg/knowlcol/csl/default.asp.

69 Office of the Controller. Budget and Appropriation Ordinance 145-16. PDF. The City and County of San Francisco. Accessed October 29, 2017. http://sfcontroller.org/sites/default/files/Documents/Budget/FY17%20%26%20FY18%20AAO%20FINAL%20Budget%20with%20tails.pdf.

data provided by San Francisco Police (SFPD) and Sheriff's Department (SFSO), and features comparable statewide statistics, published by the California Criminal Justice Statistics Center and posted on the Attorney General's Open Justice site (DOJ, 2017).

A broader analysis of all drug arrests was conducted largely by the Center on Juvenile and Criminal Justice (CJCJ), which has issued a series of reports detailing a pattern of racially discriminatory arrest practices in San Francisco, particularly for drug offenses.[70] The analysis begins with CJCJ's review of all drug arrests in San Francisco from 1977 to 2016, with a strong focus on felony arrests, (which include manufacture, sale, and large-quantity drug possession). This report then analyzes San Francisco's cannabis arrests from 1990-2016. The cannabis arrests captured in the data set include felony charges and custodial misdemeanors and infractions.[71] Misdemeanors primarily involve low-quantity possession, though possession of less than an ounce was downgraded to an infraction in 2011.

SFPD and SFSO data have several deficiencies in how race and ethnicity are treated. Most crucially, Hispanic/Latino ethnicity is posited as a type of racial identity in the data, erasing the nuance of race/ethnicity within the Latino community. Hispanic coded arrests also only represented less than 1% of arrests from 1990-2016, a level that is highly inconsistent with available conviction data for that time period. In other words, it is likely Latino arrests are distributed amongst "White" and other racial categories, which may undermine the validity of arrest rates across racial categories.

In response to the lack of data on adult Hispanic/Latino cannabis arrests, CJCJ supplemented their analysis with statistics from the San Francisco Juvenile Probation Department (SFJPD) (2017) which more accurately reflect how drug arrests differ by race and ethnicity amongst juveniles. Furthermore, the analysis of cannabis arrests is confined to examining African American cannabis arrests percentages relative to their percentage of the population, rather than in comparison to the arrest rates of other racial groups. To compare drug arrests across populations, CJCJ calculated arrest rates by dividing totals by state Department of Finance populations for each age group, gender, and race.

Drug Arrests Analysis, 1977-2016

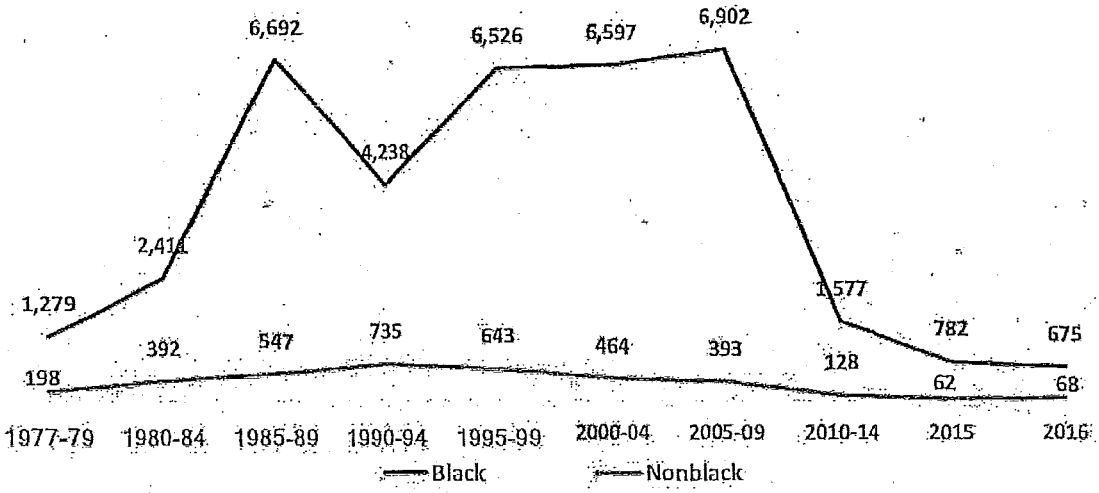
CJCJ's study of drug arrest data for felony charges found significant fluctuations in the City's drug law enforcement, primarily involving African American arrest rates. Their key findings included:

- From 1980 to the mid-1990s, San Francisco's racial patterns in enforcement of drug laws roughly resembled those statewide. Still, African Americans in San Francisco were 4 to 5 times more likely to be arrested for drug felonies prior to the mid-1990s than their proportion of the total population would predict.
- From 1995-2009, San Francisco experienced an explosion in drug felony arrests of African Americans that did not occur elsewhere in the state, nor for other racial categories in San Francisco.
- From 2008 - 2016, the City's decline in drug arrests for all races was larger than occurred statewide.
- From 2010 - 2016, drug arrests fell sharply for all races in San Francisco from 2010 through 2016. In 2008, a number equal to 8.7% of San Francisco's African American population was arrested for drug felonies. In 2016, the number had dropped to 0.7%.

70 See Appendix A. Center on Juvenile and Criminal Justice Drug Arrests Report, 2017.
71 See Appendix B. Full List of Cannabis Specific Statutes Reviewed.

- From their 2008 peak, drug felony rates fell 92% among African Americans and by 84% among non-black races in the City (DOJ, 2017). These declines were much larger than occurred elsewhere in California (79% for African Americans, 68% for other races).

Figure 3. San Francisco felony drug arrests by race, per 100,000 population, annual averages (1977-2016)



Source: CJCJ (2017)

- While some of the decline in felony arrests is due to recent state reforms to reclassify many felony drug offenses as misdemeanors, misdemeanor drug arrests also fell by 90% in San Francisco from 2008 to 2015, also a much larger decline than statewide.
- Racial disparities in 2016 have narrowed from the peak year, 2008, when African Americans in San Francisco were 19.2 times more likely than non-black San Franciscans, and 4.5 times more likely than African Americans elsewhere in California, to be arrested for a drug felony.
- Even at today's much lower levels, however, large racial disparities persist. In 2016, African Americans in San Francisco experienced felony drug arrest rates 10 times higher than San Franciscans of other races, and 2.4 times higher than African Americans elsewhere in California.
- Among youth (a very small sample), Latinos are now twice as likely as African Americans, five times more likely than whites, and nearly 10 times more likely than Asians to be arrested for a drug felony.

Figure 4. Juvenile felony drug arrests per 100,000 population age 10-17, San Francisco vs. rest of California, 2009 vs. 2016

		MALE				FEMALE			
	Felony Drug Arrest Rate	African American	White	Hispanic	Asian	African American	White	Hispanic	Asian
2009	San Francisco	2,531.6	237.9	915.1	92.7	2,419.4	69.3	20.8	38.4
	California (excluding SF)	486.6	200.6	211.0	120.8	48.1	61.9	29.9	19.4
	Ratio: SF drug felony rate vs. CA	5.2	1.2	4.3	0.8	50.3	1.1	0.7	2.0
2016	San Francisco	76.8	19.4	63.4	25.6	-	-	62.3	-
	California (excluding SF)	90.4	38.1	66.9	29.5	11.2	12.2	10.9	4.2
	Ratio: SF drug felony rate vs. CA	0.8	0.5	0.9	0.9			5.7	

Source: CJCJ (2017)

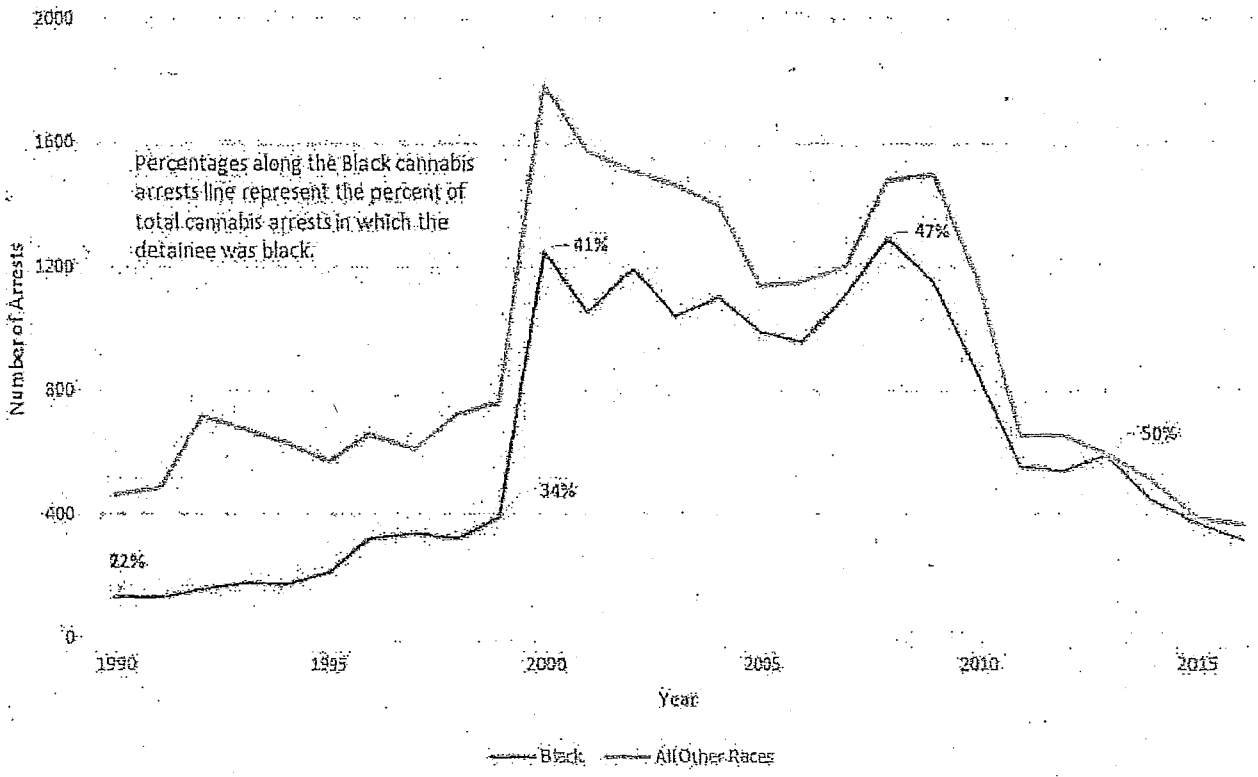
- African American girls and young women were until recently targeted for criminal law enforcement at much higher rates in San Francisco in comparison to all other demographic groups in the City. In 2007 (the peak year for youth drug arrests), San Francisco's African American female youth accounted for 40% of the felony drug arrests of African American female youths in California and had arrest rates 50 times higher than their counterparts in other counties. In 2014-2016, only one African American female youth was arrested in San Francisco for a drug felony.
- In 2007, 125 of the City's 265 youth drug felony arrestees were Latinos, 112 were African Americans, and 12 were Asians. In 2016, seven were Latinos, one was African American, two were Asians, and none were White.
- Racial patterns in drug arrests do not match racial patterns in drug abuse. Of the 816 people who died from abusing illicit drugs in San Francisco during the five-year, 2011-2015 period, 55% were non-Latino Whites, 22% were African Americans, 10% were Latinos, and 9% were Asians. In contrast, 43% of the city's 6,587 drug felony arrests during

Cannabis Arrests, 1990-2016

Patterns similar to those found in CJCJ's analysis are apparent when specifically examining cannabis-related felony and custodial misdemeanor arrests. As demonstrated in Figure 5 below, from 1990-2016, Black[72] individuals represent an increasingly larger percentage of total cannabis-related arrests in San Francisco. Though Latino arrests were not discernible from the data set, Asian cannabis arrests reflected only 1% of the total arrests from 1990 to 2016.

[72] Arrests are racially coded in the data as "B" for Black or African American in the SFSO cannabis arrests data set, meaning individuals from the African diaspora may also be reflected in the data. This section of the analysis addresses the Black population in San Francisco with an understanding that an overwhelming majority of Black arrests likely involve African Americans.

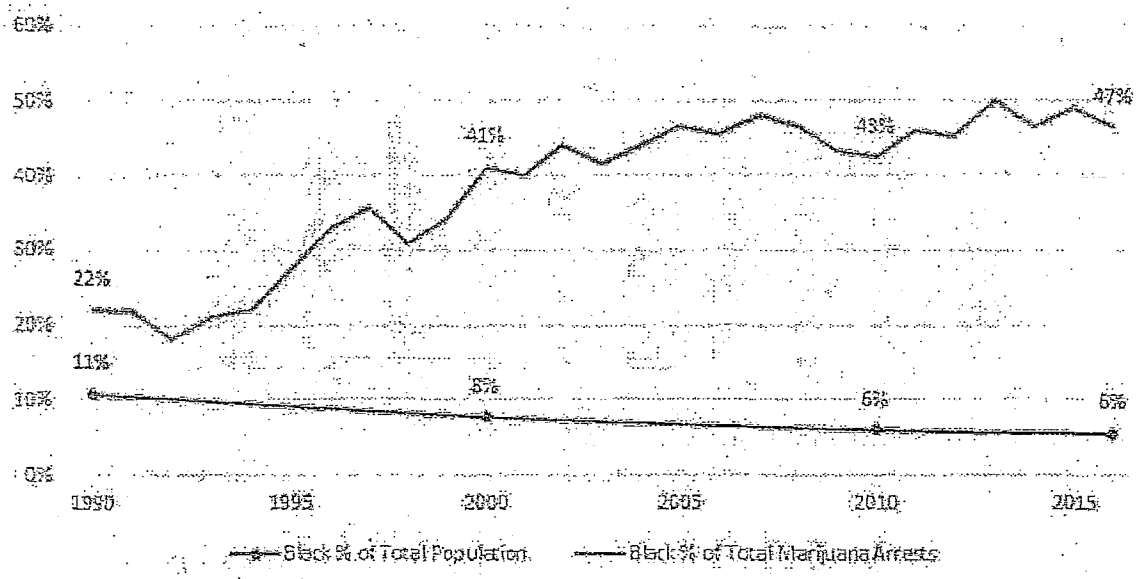
Figure 5. San Francisco Cannabis Arrests for Black Individuals vs. All Other Races (1990-2016)



Source: SFSO arrest data (1990-2016)

The jump in total arrests in 2000 was accompanied by a jump in the disproportionality of Black arrests. Arrests increased by 160% between 1999 and 2000, from 1164 to 3042. The percent of arrests featuring Black detainees went up from 34% to 41% of all arrests, a 20% increase. Despite the high percentage of Black cannabis arrests, Black San Franciscans comprised 7.8% of San Francisco's population in 2000. Even as the number of total arrests drastically falls around 2011, after the downgrading of misdemeanor cannabis possession to an infraction, Black cannabis arrests as a percentage of total arrests hovers around 50%. As Figure 6 shows, Black people only represented 6% of San Francisco's population in 2010.

Figure 6. Percent of Black Cannabis Arrests Compared to Black Population in San Francisco (1990-2016)

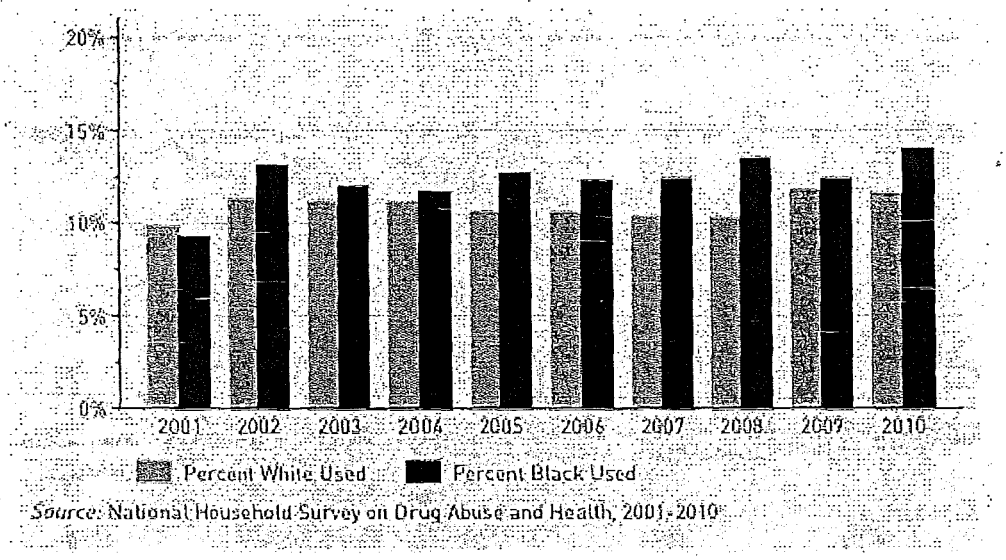


SOURCE: SFSO Arrests Data (1990-2016), U.S. Census (1990,2000,2010), American Community Survey (2016)

Identifying Disadvantaged Communities

As indicated by the racial disparities in San Francisco arrest and booking rates, the War on Drugs has produced disparate arrest rates across racial groups. And while rates of drug use and sale are commensurate across racial lines (see Figure 7), Black and Latino communities interact with the criminal justice system, including via arrests, bookings, and incarceration, at a rate far higher than their White counterparts.

Figure 7. Cannabis Use by Race (2001-2010)



Source: National Household Survey on Drug Abuse and Health, 2001-2010

There is a clear relationship between race, the criminal justice system, and economic opportunity, both in San Francisco and nationally. An Obama White House Report, *Economic Perspectives on Incarceration and the Criminal Justice System*,[73] uses economic analysis to understand the costs, benefits, and consequences of criminal justice policies. Notably, the report points out that having a criminal record in the U.S. makes it more difficult to find employment and those who have been incarcerated earn 10 to 40 percent less than similar workers without a history of incarceration.[74] The report also estimates that rates of parental incarceration are 2 to 7 times higher for Black and Hispanic children than White children, and parental incarceration is a strong risk factor for a number of adverse outcomes, including but not limited to mental health problems, school dropout, and unemployment. Finally, the report concludes that consequences of interactions with the criminal justice system can include not only negative impacts on employment, but also health, debt, transportation, housing, and food security, and on a national level,

[73] https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160423_cea_incarceration_criminal_justice.pdf

[74] Executive Summary, page 5: "Recent job application experiments find that applicants with criminal records were 50 percent less likely to receive an interview request or job offer, relative to identical applicants with no criminal record, and these disparities were larger for Black applicants."

these impacts are "disproportionately borne by Black and Hispanic men, poor individuals, and individuals with high rates of mental illness and substance abuse."[75]

Overall, the White House report makes clear that interactions with the criminal justice system, including through enforcement of cannabis-related activity, can have negative and consequential economic impacts on the arrestee and their immediate family.

Identifying San Francisco's Disadvantaged Community

San Francisco's data on arrest rates by location is inadequate for the purposes of mapping arrest rates by geographic locations over an extensive period of time, and therefore understanding long- term impacts of over- policing in certain communities (i.e. prior to 2010). However, this analysis utilizes available location data of cannabis arrest (occurring between January 2010 - October 2017), for the purposes of understanding where high arrest rates overlap with economically disadvantaged communities (see Figure 9 on the following page).

For 2017, California Department of Housing and Community Development defines San Francisco's extremely low-, very low- and low-income levels as a household annual income at or below 80% of the Area Median Income for a 4-person household, $115,300.[76] AMI may be broken down into more exact figures by household size (see Figure 8). However, this analysis considers a low-income household to be any household with a total income less than 80% of San Francisco's AMI, which is $92,240. Figure 8 below shows the current areas of the City with the highest percentage of low income populations.

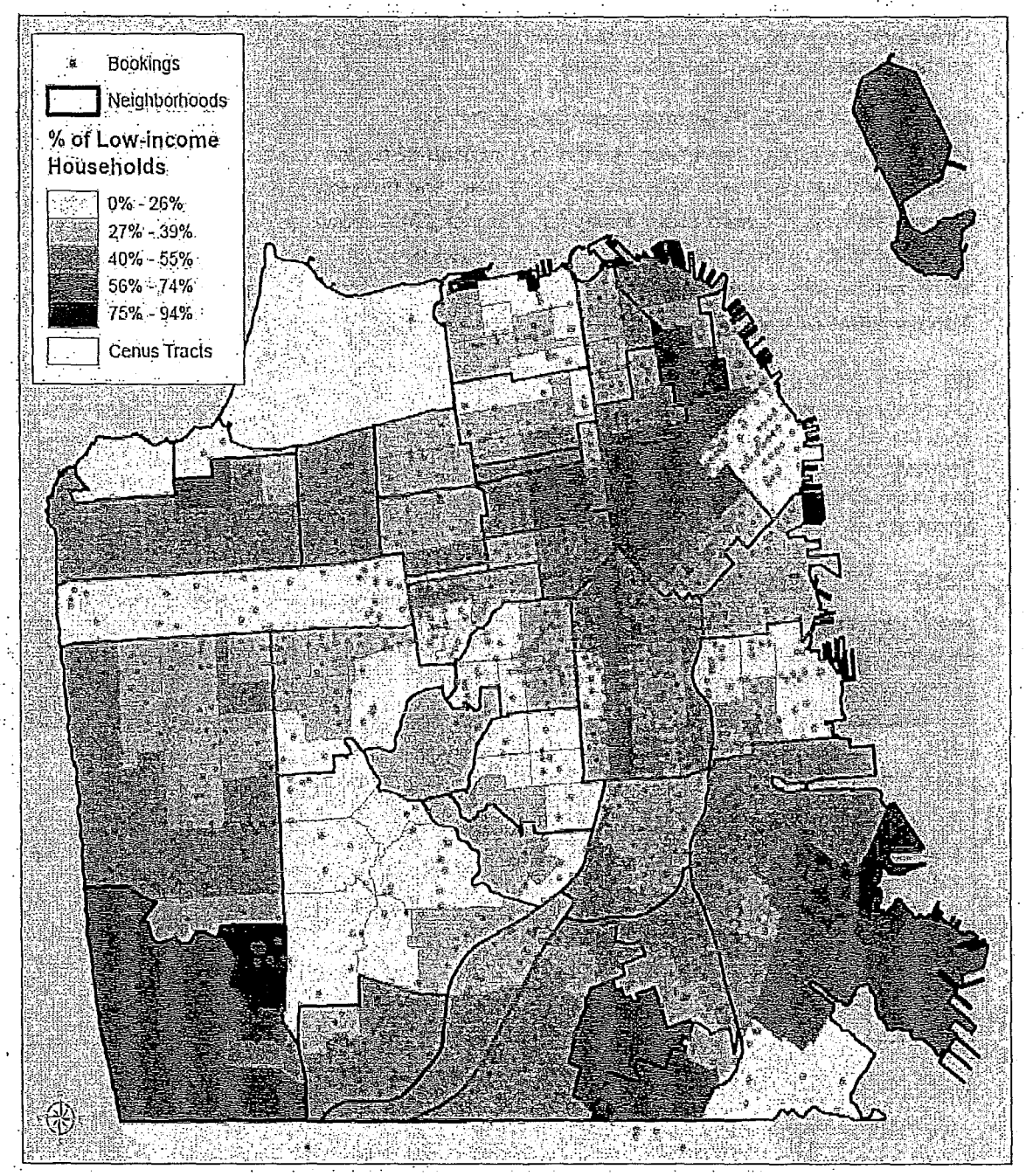
Figure 8. 2017 San Francisco Income Thresholds by Area Median Income (AMI)

Number of Persons in Household		1	2	3	4	5	6	7	8
San Francisco 4-Person AMI: $115,300	Extremely Low	$27,650	$31,600	$35,550	$39,500	$42,700	$45,850	$49,000	$52,150
	Very Low Income	$46,100	$52,650	$59,250	$65,800	$71,100	$76,350	$81,600	$86,900
	Low Income	$73,750	$84,300	$94,850	$105,350	$113,800	$122,250	$130,650	$139,100

75 Conclusion, https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160423_cea_incarceration_criminal_justice.pdf

76 CA HCD Income Limits for 2017, http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/inc2k17.pdf

Figure 9. Concentration of Low-Income Households at or Below 80% of Median Income by San Francisco Census Tract with Cannabis Bookings by Arrest Location (2010-2017)



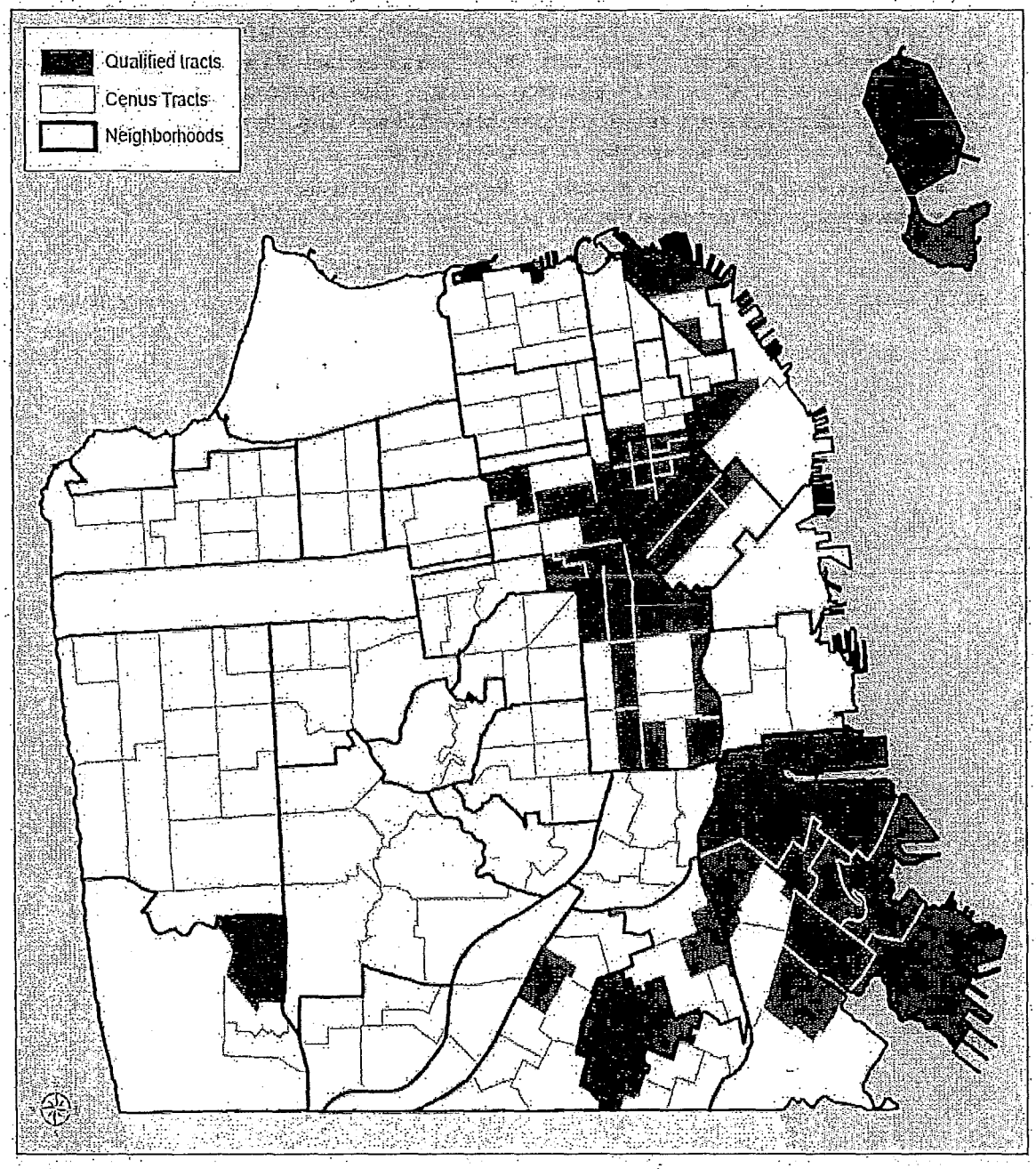
Source: Mayor's Office of Housing and Community Development (2017)

To further understand which communities within the City have experienced a disproportionately high number of arrests and potential economic disadvantage as a result, the map in Figure 10 is further refined to show census tracts with both a high number of low income households (defined as <80% AMI) and a significant number of cannabis related arrests. The median percentage of low-income households across San Francisco census tracts is 40.2% according to census data. Additionally, the median number of bookings per 100 people across census tracts for 2010-2016 was 0.43. Therefore, the map in Figure 10 highlights all census tracts that meet the following two criteria:

- A percentage of low-income households higher than the median value of 40.2%
- Bookings per 100 persons in the 70th percentile, or rather greater than 0.83

Of 197 possible census tracts, 43 met both criteria and are represented in blue in Figure 10 below.

Figure 10. Tracts with low income population (<80% AMI) above median percentage and bookings per 100 persons above 70th percentile



Source: Mayor's Office of Community Housing and Development (2017)

Figure 11. Qualified Tracts by Neighborhood, Unemployment Rate, Race Composition, and Cannabis Arrests

Neighborhood	Census Tract	Low-income Households (%)	Unemployment Rate (%)	Racial/ Ethnic Minority (%)	Cannabis Arrests per 100 Persons (2010-2017)
	9809	42.6%	15.8%	56.8%	39.11
	612	62.2%	15.3%	90.0%	7.29
	232	64.0%	14.8%	92.9%	4.75
Bayview Hunters Point	231.03	90.7%	17.7%	96.9%	3.35
	234	68.5%	14.9%	97.4%	2.18
	9806	58.3%	20.5%	88.9%	1.85
	231.02	76.0%	18.5%	94.7%	1.44
	230.01	53.6%	10.8%	93.1%	1.02
Excelsior	260.01	53.9%	7.2%	89.6%	1.01
South Beach	117	68.5%	9.9%	67.6%	5.87
	162	47.7%	3.0%	38.2%	1.57
Haight-Ashbury	168.02	42.8%	6.0%	43.3%	1.13
	168.01	40.6%	6.9%	38.6%	1.07
Lakeshore	332.01	75.5%	24.5%	56.8%	1.64
McLaren Park	9805.01	70.0%	23.6%	93.0%	1.14
	177	41.1%	9.4%	58.8%	9.30
	201	66.2%	11.3%	71.6%	8.51
	209	59.6%	6.1%	64.1%	2.41
Mission	228.02	54.7%	2.8%	66.0%	2.25
	208	48.5%	7.2%	67.5%	2.05
	229.03	41.3%	5.0%	67.2%	1.35

Neighborhood	Census Tract	Low-income Households (%)	Unemployment Rate (%)	Racial/ Ethnic Minority (%)	Cannabis Arrests per 100 Persons (2010-2017)
	229.01	47.5%	12.7%	74.2%	0.99
	202	49.2%	9.8%	46.6%	0.88
Nob Hill	120	70.4%	5.6%	56.9%	3.20
	106	64.3%	7.8%	66.3%	2.30
North Beach	101	51.1%	5.1%	52.9%	0.97
	257.02	51.8%	5.8%	93.1%	0.94
Portola	176.01	69.6%	4.6%	72.4%	19.41
	178.02	48.6%	7.3%	59.7%	2.71
Southern Market	178.01	73.9%	6.7%	72.3%	1.67
	125.01	92.2%	7.1%	73.6%	29.18
	124.02	64.0%	5.3%	60.9%	10.97
	123.01	94.4%	5.0%	69.2%	7.41
	124.01	86.1%	9.1%	72.1%	7.21
Tenderloin	125.02	92.1%	14.1%	85.0%	6.17
	122.02	78.4%	11.8%	64.6%	3.10
	122.01	71.0%	6.5%	63.3%	2.35
	123.02	66.7%	7.2%	61.1%	2.31
Treasure Island	179.02	68.1%	13.3%	71.9%	1.16
Visitation Valley	605.02	82.2%	22.2%	96.6%	2.31
	161	71.7%	10.1%	79.6%	1.71
Western Addition	158.01	46.6%	12.8%	65.0%	1.35
	160	54.5%	4.9%	51.8%	0.98

Source: American Community Survey (2016), SFSO Arrest Data (2010-2017), DataSF (2017)

As Figures 10 and 11 show, more than half of the qualified census tracts fall in Bayview Hunters Point, the Mission, and the Tenderloin combined. These neighborhoods also all feature census tracts with significant rates of unemployment and some of the highest rates of cannabis arrests. It should be noted that this analysis does not establish direct correlation between cannabis arrest and low-income households. For instance, the high number of students residing in Lakeshore may be a driving factor behind the lower income levels present in census tract 332.01, rather than the high cannabis arrest rates. However, given the existing literature on the relationship between economic opportunity and the War on Drugs, the tracts identified above are the places where that relationship is most likely to have had an adverse economic impact.

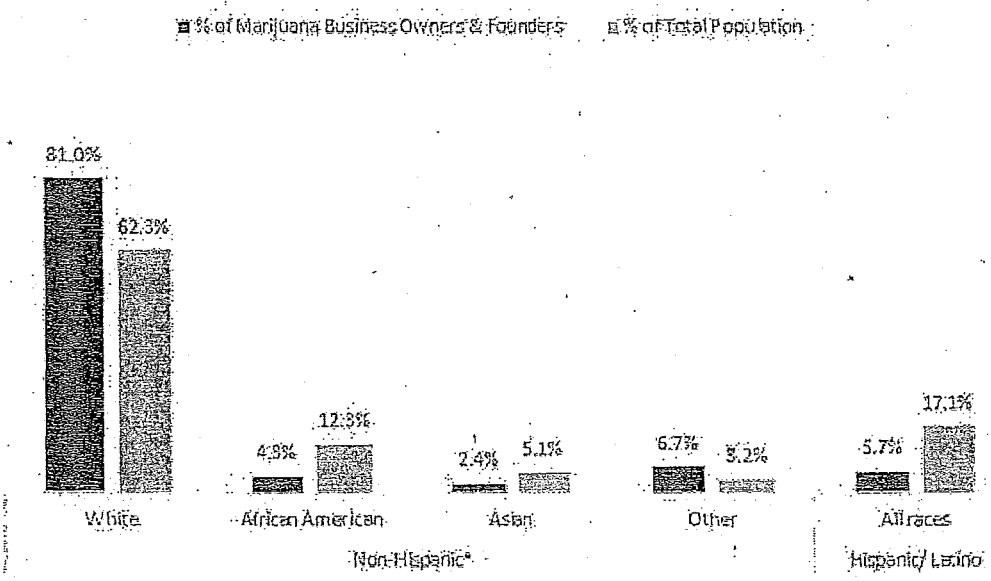
Existing Cannabis Industry Data

Given the infancy of the legal cannabis market and the continued illicit nature of the industry in a federal context, there is a dearth of quality demographic data on cannabis industry professionals. The existing industry, as discussed in this section, relies on small sample surveys, which limits confidence in how these numbers can be applied to larger populations. However, these surveys are our best look into this emerging industry.

National Industry

Marijuana Business Daily conducted an anonymous online poll of 567 self-identified cannabis industry business owners and executives, shedding some light on the composition of the national market.[77] Ethnicity was not treated distinct from race in the Marijuana Business Daily survey, instead requiring Latino respondents to choose between responding to the survey with their race or their ethnicity, not both. It should be noted that this has implications for the data's accuracy. Still, according to the survey, 19% of respondents were racial/ethnic minorities, though racial/ethnic minorities comprise 38.7% of the national population. Under representation affects non-Hispanic African Americans and Asians as well as Hispanic/Latino communities. Non-Hispanic African Americans and Latinos face the highest level of disproportionality, each owning only a third of the market that their share of the national population would imply.

Figure 12. Survey of Race & Ethnicity in the National Cannabis Industry



**Note: The chart above assumes all survey respondents that did not identify as Hispanic/ Latino are non-Hispanic, however this may not be the case given respondents were not given the option to identify both their race and ethnicity.*

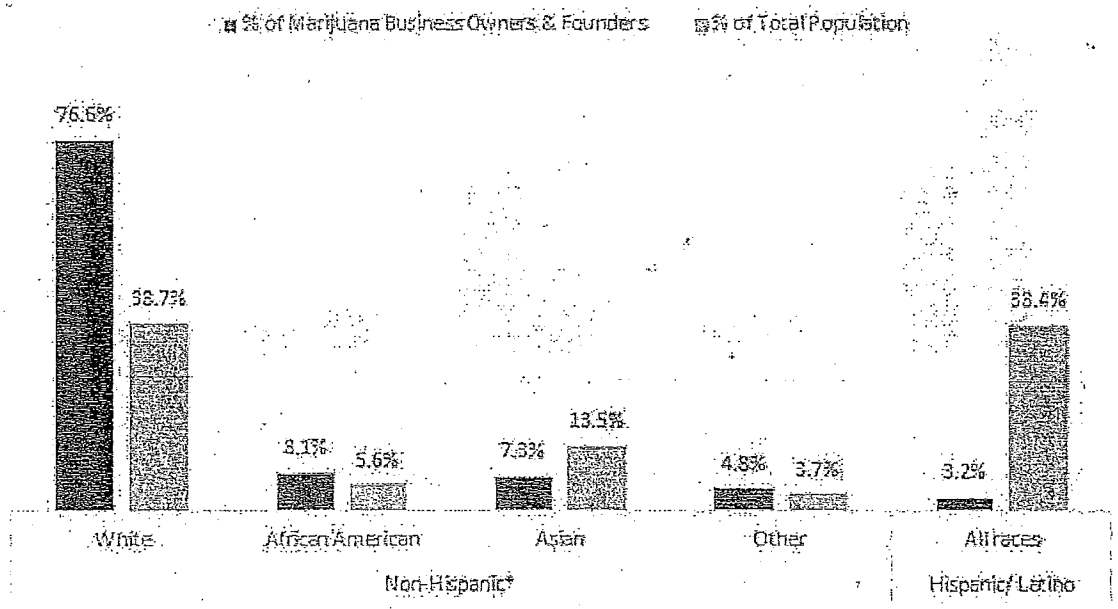
Source: Marijuana Business Daily (2017), American Community Survey (2016)

[77] Marijuana Business Daily (https://mjbizdaily.com/women-minorities-marijuana-industry/)

California Industry

Almost a third of respondents to the Marijuana Business Daily survey reported that their business headquarters were in California. This is reflective of California's share of the national market, in which California accounted for 27% of 2016 legal market sales.[78] The state also boasts the highest percentage of minority-owned cannabis businesses, according to the survey. Over 23% of California respondents were racial minorities. In comparison to the state's total population, which is 61% comprised of racial/ethnic minorities, there is still significant under representation in the industry.

Figure 13. Survey of Race & Ethnicity in the California Cannabis Industry



**Note: The chart above assumes all survey respondents that did not identify as Hispanic/ Latino are non-Hispanic, however this may not be the case given respondents were not given the option to identify both their race and ethnicity.*

Source: Marijuana Business Daily (2017), American Community Survey (2016).

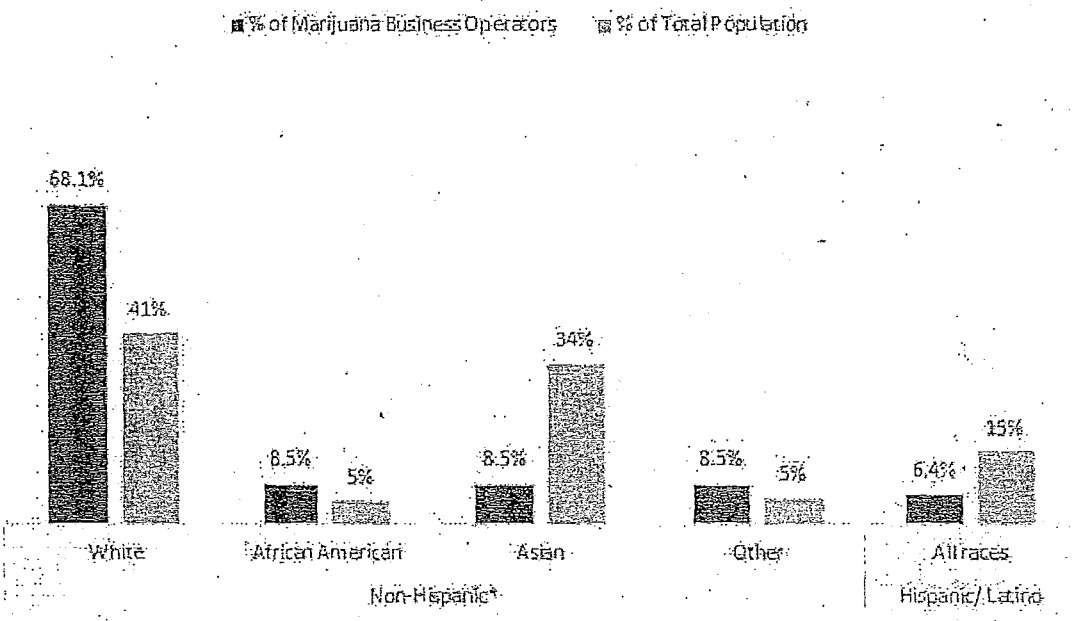
San Francisco Industry

A small 77-person survey conducted by the San Francisco chapter of the California Growers Association found more diversity in the cannabis industry on a local level than within the nation and the state. Respondents were able to self-identify their race/ethnicity in a free form field. Figure 14 shows that 66% of respondents currently operate a cannabis business in the City, and of them, 32% identified as a racial or ethnic minority. This is a higher percentage than the state's industry as reflected by the Marijuana Business Daily Survey, meaning the San Francisco market may be a heavy influence on the level of diversity in California's cannabis industry. Still, racial and ethnic minorities are 58% of San Francisco's total population (ACS 2016), 26 percentage points higher than the percentage of racial and ethnic minority business operators in the survey. The Asian community is especially underrepresented in the local market, representing 34% of the San Francisco population but only 8.5% of cannabis business

[78] SF Weekly – http://www.sfweekly.com/news/california-leads-nation-in-legal-marijuana-sales/

operators. Additionally, 31% of marijuana business operators responding to the survey were female, a figure well below parity.

Figure 14. Survey of Race & Ethnicity in the San Francisco Cannabis Industry



**Note: The chart above assumes all survey respondents that did not identify as Hispanic/ Latino are non-Hispanic, however this may not be the case. Source: CA Growers Association - San Francisco Chapter (2017), American Community Survey (2016)*

IV. Barriers to Entry

Key Barriers to Entry into the Adult-Use Cannabis Market

This section provides an overview of factors or barriers that can make entry into the adult-use cannabis market difficult. The barriers to entry identified in Figure 15 are not an exhaustive list, but rather a list of key factors that may be particularly difficult to overcome for communities that have been disproportionately impacted by cannabis drug enforcement. Equity program components should be designed to mitigate these barriers.

Figure 15. Key Barriers to Entry

Category	Barrier
Financial	Access to Capital or Financing
	Access to Real Estate
	Licensing and Regulatory Fees
Technical	Business Ownership
	Legal and Regulatory
	Tax
	Awareness of Equity Programs
Criminal	Background Checks
Other	Geography
	Distrust in Government

Financial Barriers

All new businesses face financial requisites to enter a new market. Access to capital or business financing is necessary to purchase the equipment and labor to get any business up and running. For individuals disproportionately targeted for drug enforcement and consequently, disadvantaged socio-economically during the last decades of cannabis prohibition, these financial barriers can be particularly difficult to overcome.

Access to Capital or Financing

Even post-decriminalization of marijuana offenses in California, the Drug Policy Alliance and the ACLU found that the cost of marijuana-related infractions "can be a substantial burden for young and low-income people" and was "particularly acute for black people and young men and boys." The cumulative effect of economically-disadvantaged neighborhoods that have been disproportionately targeted with enforcement (often with punitive monetary fines) means that many individuals do not have the personal capital to invest in a new business.

Additionally, these individuals are less likely to be able to secure traditional business financing or even open traditional checking accounts associated with their business. As major banks are federally regulated and cannabis remains illegal at the federal level, most banks refuse to offer services to cannabis businesses. Without the initial capital to launch a business venture or to sustain operating costs until profits are realized, these individuals are rendered unable to enter the adult-use cannabis market.

Access to Real Estate

Closely related to financing, but of acute concern in San Francisco, is access to real estate. New businesses need a location from which to operate, and San Francisco has an extremely competitive real estate market with some of the highest rents and lowest vacancy rates for commercial and retail properties. Economically-disadvantaged individuals may find San Francisco real estate to be prohibitively expensive, and cannabis entrepreneurs may find banks unwilling to extend loans.

Licensing and Regulatory Fees

Cannabis businesses intending to operate in San Francisco will be required to obtain a license and pay any applicable fees to legally operate a business. In addition to fees for the license itself, these fees may include regulatory costs (e.g., building inspection, security requirements) as well as license renewal fees to continue operations. Costly licenses combined with complex regulatory requirements disproportionately disadvantage lower-income individuals.

Technical Barriers

Technical barriers to entry include aspects of business planning, ownership expertise, and operational practices that are typically knowledge-based barriers.

Business Ownership

Individuals starting a new business may lack the technical knowledge related to business plan creation, accounting, or sales forecasting that are beneficial to any new venture. While these business practices are not unique to cannabis, disadvantaged individuals will have a harder time paying for business classes, technical consultants, and/or contracting out specialized work.

Cannabis-based businesses face an additional technical knowledge gap of learning industry-specific best practices in an industry that has been historically secretive and underground, including cultivation techniques and manufacturing processes used in specialized products that are compliant with San Francisco regulations.

Legal and Regulatory

Compliance with the legal and regulatory requirements surrounding an adult-use cannabis business is an unpredictable barrier to entry given the current unestablished regulatory framework. Cannabis businesses will require a license to operate from both the State of California and the City and County of San Francisco. San Francisco's licensing process and conditions for operation are not yet established and could be relatively complex to navigate, especially for first-time entrepreneurs. These barriers are more difficult to navigate for lower-income individuals who may not be used to working in this environment and/or unable to afford specialized consulting or legal assistance.

Tax

Cannabis businesses will be subject to traditional state and local business taxes that often require some amount of expertise to ensure proper compliance. Further complicating matters is that cannabis businesses will be subject to a state and local tax system that has not yet been fully established. Without a clear picture of the tax regime, entrepreneurs are unable to estimate their tax burden even if they could accurately forecast all other costs. In this atmosphere, well-funded businesses that can build in a financial contingency for unforeseen tax liability will have an advantage over less economically-advantaged ventures.

Awareness of Equity Programs

If established, an equity program can help mitigate the other barriers to entry presented in this section. A program is only helpful, however, if cities and states conduct the necessary stakeholder outreach such that potentially eligible persons are aware of the program and its benefits as early as possible.

The equity component of licensing becomes particularly important when the total number of cannabis businesses are capped at a certain number, given that well-resourced operators will be able to move toward licensing faster. In a capped licensing framework, there is increased urgency to ensure that potentially-eligible applicants are educated on the equity program before applications are accepted, so that they are not crowded out of a finite number of licenses.

Criminal Barriers

California's Proposition 64 states that applicants cannot be denied a cannabis business license solely because of a prior drug conviction. It is important to recognize, however, that a state license is not the only barrier to entry that can be related to a drug conviction. A criminal record can limit an individual's ability to gain employment, apply for government assistance, or even obtain a loan. In the case of individuals convicted of a drug offense, these cumulative effects coupled with fines, court costs, incarceration, and other subsequent disadvantages can be insurmountable.

Background Checks

While Proposition 64 states that drug offenses will not bar an individual from licensure, other entities that an entrepreneur may encounter can still utilize background checks. For example, a bank can utilize a background check as part of evaluating a loan application. Proposition 64 does not require expungement of previous cannabis convictions from individual's criminal records, meaning that a criminal record can still pose a barrier to entry for many applicants.

Other Barriers

Geography

Geography can pose as a barrier to entry when allowable zones for cannabis businesses are too far from potential entrepreneurs. While San Francisco's recreational cannabis regulations are not yet established, many cities restrict where these businesses can exist through zoning. Geography will be an important consideration to balance in eventual regulation: on one hand, neighborhoods that have been disproportionately impacted by the War on Drugs should have access to the business opportunities provided by this new market; on the other, there are unknown and potentially negative impacts (such as health impacts) of these businesses on the surrounding neighborhood, and they should not be concentrated in areas already reeling from disproportionate drug enforcement.

Distrust in Government

An important barrier to entry to address is the perception of the current climate surrounding cannabis and legalization. While some individuals may feel encouraged that legalization of commercial and recreational marijuana may mitigate historically racist drug enforcement, others may wonder why a cannabis conviction will stay on an individual's criminal record or how the state will handle federal requests for information about cannabis business operators. The current ambiguity around what is legal at the local, state, and federal levels may create a barrier to entry among populations that do not trust the government to act in their best interest.

As discussed in the *Equity Analysis* section of this report, arrest and conviction of cannabis offenses have disproportionately affected communities of color, despite studies showing relatively similar rates of use of cannabis between racial groups. In this context, trust between these communities and the police or government has been low. These communities may be particularly wary of establishing a registered business in an industry in which they have been historically targeted for criminal enforcement.

V. Cannabis Equity Program Benchmarking

Overview of Peer Jurisdictions' Efforts in Equity in Adult-Use Cannabis Implementation

Since the legalization of medical and adult-use cannabis in several states across the country, many cities and states have recognized the inequities imposed by the War on Drugs and implemented programs to achieve equity goals and mitigate barriers to entry into this emerging market.

This section provides a broad overview of equity frameworks in other jurisdictions that are already experimenting with or implementing equity programming in adult-use cannabis. For a summary overview of equity program components and associated mitigated barriers to entry discussed in the previous section, see Appendix C.

To synthesize various possible equity programmatic elements as well as key considerations and lessons learned, the Controller's Officer researched local and state adult-use cannabis programs and conducted telephone interviews with the following peer jurisdictions:

- Oakland, CA
- Los Angeles, CA
- Denver, CO
- Massachusetts

California state law regarding cannabis delegates much autonomy to localities over licensure and regulation of cannabis operations. Oakland is the only city in the country to currently have an implemented cannabis equity program. Los Angeles presented a Cannabis Social Equity Analysis to its City Council in October 2017, detailing recommended criteria for equity programming. As the only California peers experimenting with equity frameworks, both are profiled in detail in the figures below.

Massachusetts is also considering equity concepts, but operates on a very different licensing system than California as the state retains more control over licensure and regulation. Denver does not have an established equity program, but has been licensing adult-use cannabis since 2014[79] and is an important comparison as it was the first major city to legalize adult-use of cannabis. Finally, a number of states have recently experimented with equity concepts for either medical or adult-use cannabis, which are also summarized at the end of this section.

[79] The Denver Collaborative Approach: Leading the way in municipal marijuana management (2017 Annual Report).

Oakland

The City of Oakland's Equity Assistance Program was established by city ordinance and is among the most well-developed programs focused on cannabis equity in the nation. Although it currently only applies to medical dispensary permits, Oakland intends to open the program to adult-use applicants as the state begins to issue adult-use permits in 2018. The program utilizes residency, geographical area, and income conditions to qualify for eligibility in the program as shown in Figure 16 below.

Figure 16. Eligibility Requirements for Oakland's Cannabis Equity Program

Must be:		
(1) an Oakland resident, AND (2) earn 80% or less of Oakland average median income (<$52,650), AND		
(a) have lived within 21 high-enforcement police beats for 10 of last 20 years.	OR	(b) have been arrested and convicted of a cannabis crime in Oakland after 1996.

Oakland's equity program intends to address financial barriers to entry through a no-interest loan program offered to qualified equity applicants. The funding for this loan program will be made up of local tax revenue from cannabis businesses, but loans will not begin to be distributed until the loan fund reaches a threshold amount of $3.4 million. Until that time, the permitting of cannabis businesses has been restricted such that permits must be issued to equity and general applicants at a 1:1 ratio – if one equity applicant is permitted, one general applicant can be permitted. After this initial phase, permits will be issued on a first-come, first-served basis, but equity applicants will be eligible for additional benefits (see Figure 17), including technical assistance and fee waivers.

Figure 17. Oakland Cannabis Equity Assistance Program Benefits

Benefit	Details
Incubator Program	During the initial (restricted) permitting phase, non-equity applicants can receive priority permit issuance for providing an equity applicant with real estate or free rent for three years.
Business Technical Assistance	Oakland has partnered with local consultants and nonprofits to provide both business technical assistance, such as business plan workshops.
Industry Technical Assistance	Oakland has also partnered with local organizations to provide cannabis-specific assistance, such as cultivator permit compliance classes.
Zero-Interest Loans	Equity applicants can receive zero-interest startup loans to cover the costs of establishing a cannabis business.
Fee Waivers	Equity applicants are not assessed a fee for Oakland City permitting.

Oakland has been accepting applications under this equity framework since the end of May 2017 (see Figure 18). It has been tracking data regarding general and equity applicants, and currently have 216 completed applications with a ratio of 106 general applicants to 110 equity applicants. In addition, 27 applicants applied as an incubator with 17 more expressing interest in becoming an incubator.[80]

Figure 18. Oakland Applicant Data (May 2017 – Sept 2017)

Applicant Category	Completed Applications
General Applications (non-equity)	106
Equity Applications (based on residency)	85
Equity Applications (based on conviction)	25
Total Complete Applications	**216**

As the only major city to have an implemented equity program, Oakland is instructive in what it implemented in its equity program and what it is seeing during the early stages of permitting. Figure 19 below is a summary of Oakland's key components of its equity programming and a brief discussion of key considerations and lessons learned. Green bullets represent potentially advantageous factors, while red bullets indicate potential challenges.

Figure 19. Oakland Equity Assistance Program Considerations

Equity Component	Key Considerations
Eligibility Criteria	• The program is targeted to high-cannabis-enforcement zones or cannabis convictions, which clearly defines the eligible population. • Only Oakland residents are eligible, which does not account for recent years of displacement of low-income individuals. • Convictions only include those within Oakland, which does not include Oakland residents convicted anywhere outside the city.
One-for-One Permitting Framework	• Ensures a mandatory level of participation by eligible applicants while other program components are established. • Guards against equity applicants being crowded out of limited number of permits by more well-resourced competitors. • Potential for artificial bottleneck if there are insufficient equity applicants (current data from Oakland does not show this to be the case). • Oakland caps dispensary permits at eight annually. This means that while half of new dispensaries will be from equity applicants, the discrete number of permits is low (four). • There is potential for market distortion given the cap on distribution points (dispensaries) with no cap on cultivation or manufacture facilities.
Incubator Program	• Allows general applicants to receive a benefit for providing benefits to equity applicants, which supports Oakland's equity goals at no cost to the city. • Only applies to real estate; other potential benefits, like money, technical assistance, or equipment are not included.

[80] Per interview with City of Oakland.

Figure 19. Oakland Equity Assistance Program Considerations	
Equity Component	Key Considerations
	• The program provides a benefit to well-resourced applicants who have the space and/or capital to provide benefits to equity applicants. Small- and medium-sized operators are relatively disadvantaged against larger competitors who can afford this benefit.
Business Technical Assistance	• Use of contracted organizations allows Oakland to minimize city staff while leveraging local industry expertise. • Contracting requires up-front funding before adult use tax revenue is collected.
Zero-Interest Loans	• Provides significant benefit to equity applicants who would otherwise be unable to afford – or even obtain – a private business loan. • The program is dependent upon tax revenue generated by permits to build up enough initial capital to begin issuing funds, but funding streams are potentially limited by the dispensary cap and the one-for-one permitting framework.

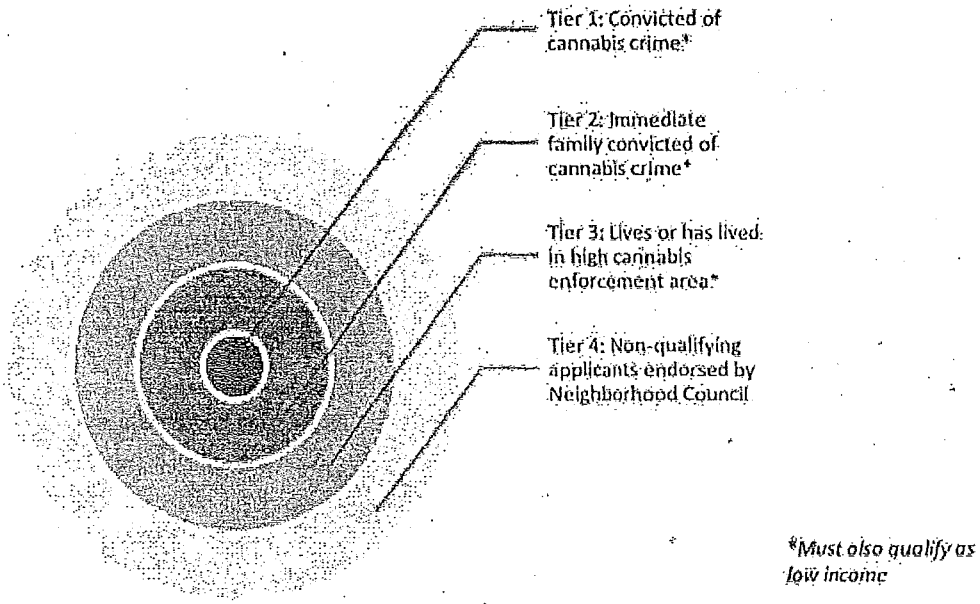
Los Angeles

Los Angeles' equity program has not yet been established in city ordinance, but an in-depth equity report was delivered to the City Council in October with recommendations that provide guidance on a potential program framework. The report provided options for both program eligibility and services that will be offered to qualifying applicants. While many options were presented, the city ordinance has not yet been passed, so it is currently unknown what exact components will be implemented. As commercial permit applications will be available starting in December 2017, Los Angeles anticipates that its equity program will be implemented as early as spring 2018.

Los Angeles has proposed having two windows for applicants. The first window will permit already-established medical cannabis dispensaries that have been compliant with city regulations. The second window will permit operations on a one-for-one basis: one permit for a general applicant for every permit for a qualified equity applicant (50% general and 50% equity permits). This one-for-one framework is recommended to continue for the life of the equity program, which is currently undetermined.

Los Angeles' Cannabis Social Equity Analysis also proposes a tiered framework (see Figure 20) of eligibility based on the direct and indirect impacts of cannabis law enforcement in an effort to make its equity program as inclusive as possible. Individuals who have been arrested for a cannabis crime (in California) are prioritized, followed by immediate family, then neighborhoods impacted by high enforcement levels, and finally neighborhood-endorsed applicants who are not otherwise qualified but provide a benefit (space, or assistance and capital) to a qualified applicant.

Figure 20. Los Angeles Equity Program Recommended Eligibility Tiers



Each tier of eligibility comes with a different suite of benefits or programming offered to the applicant as detailed in Figure 21 below. A Tier 1 applicant is offered access to all programming, including two benefits not offered to any other group: (i) a City-operated no-interest or low-interest loan program and (ii) an incubator/industry partnership program. Tiers 2 through 4 offer a proportionally reduced set of benefits.

Figure 21. Los Angeles Equity Program Recommended Benefits by Tier

		Recommended Benefits					
Tier	Eligibility Criteria	Priority Processing	Permitting Assistance	Business Training	Fee Waivers	Loan Program	Incubator/ Partnership Program
Tier 1	Low-income resident of LA with a prior cannabis conviction in CA.	✓	✓	✓	✓	✓	✓
Tier 2	Low-income resident of LA with immediate family member convicted of a cannabis-related crime in CA.	✓	✓	✓	✓		
Tier 3	Low-income resident of LA who lives or has lived in eligible districts.	✓	✓	✓	*		
Tier 4	Non-qualifying applicants who are endorsed by a Neighborhood Council.	✓	✓	✓			

Eligible for fee deferral

Figure 22 provides details regarding proposed benefits offered to equity applicants.

Figure 22. Los Angeles Recommended Cannabis Equity Program Benefits

Benefit	Details
Waived Fees	Permitting and inspection fees for qualifying applicants are waived.
No- or Low-Interest Loans	City-managed loan fund offering no or low-interest loans to eligible applicants.
Incubator/Industry Partnership (Type 1)	General applicants can provide space or capital to eligible applicant to be eligible for a tax rebate and potential qualification as Tier 4 equity applicant. Equity permittees would also receive tax rebate.
Incubator/Industry Partnership (Type 2)	Landlords with currently unpermitted cannabis operations (which is punishable by punitive fines) can receive fine waivers if they provide space to equity applicants.
Technical Assistance	Assistance with navigation of City permitting requirements and compliance.
City Property	City-owned property not eligible for affordable housing may be made available for free or reduced rent to equity applicants.
Conditional Approval	Equity applicants may be eligible for conditional approval of a permit without securing real estate for their operation.

In addition to equity program components for which only eligible permittees qualify, the Los Angeles report also recommends several general conditions or programs, such as workforce commitments and diversity plans from new permittees, community reinvestment, education programs, and expungement events in highly-impacted communities, which are further detailed in Figure 23 below.

Figure 23. Los Angeles Recommended General Equity Components

Benefit	Details
Streamlining	A streamlined permitting structure and a suite of development standards will reduce operational downtime spent in application review, which disproportionately impacts low-income applicants.
Phased Permitting	After already-existing medical businesses are permitted (grandfathered), equity and general applicants will be permitted on a 1-for-1 basis (50% permits to equity applicants).
Education & Outreach	Outreach and educational programs targeted to potential applicants to spread awareness of the equity program.
Community Reinvestment	Reinvestment fund and programming earmarked for communities disproportionately affected by cannabis enforcement.
Expungement	Expungement events held in disproportionately affected communities to help with criminal expungement.
Workforce	All businesses (not just equity) must commit to 50% eligible workforce (low-income or impacted) and submit a diversity plan.

While the Cannabis Social Equity Analysis made the above equity programming recommendations, there has been no establishment of this program in legislation yet. As such, which combination of components are included the final program remains to be seen, and there is no programmatic data currently available. Nonetheless, for the purpose of this report, Figure 24 includes a summary of these recommended equity programming components and a brief discussion of its key implementation considerations.

Figure 24. Los Angeles Equity Program Considerations

Equity Component	Key Consideration
Eligibility Tiers	• LA's eligibility framework provides a progressive level of benefits depending on an applicant's direct or indirect impacts from cannabis enforcement. • Conviction-based eligibility includes a conviction anywhere in California, in recognition that disproportionate arrests and convictions happen in many places throughout the state and should not be limited to Los Angeles. • As the program is not yet established, which benefits are approved in the final program are unknown. If certain program elements are not approved, it may arbitrarily impact what each eligibility tier qualifies for.
Community Reinvestment	• Recommendations include the use of adult use revenue for community reinvestment programs. These programs have the potential to improve opportunity in neighborhoods most disproportionately impacted by the War on Drugs.
Conditional Approval	• This allows applicants who have not yet secured real estate to avoid non-operational downtime while their permit application is under review. This offers flexibility to applicants who do not have the resources to carry the cost of commercial rents while they are not operating business.
Community Outreach & Education	• These programs can educate potentially eligible individuals about equity programming. These can be targeted to neighborhoods and communities that were highly impacted by the War on Drugs.
Expungement Events	• Criminal records expungement can be held in communities that were highly impacted by the War on Drugs. Expungement can mitigate other financial barriers such as denial of business loans based on conviction history.
Type-2 Incubators	• To incentivize unpermitted operators to enter the legal market, landlords can receive waivers from significant punitive fines for illegal operations on their property if they offer free space or rent to eligible equity applicants.
City Property	• It is recommended that LA consider city-owned property that is not eligible for affordable housing as potential space for eligible applicants to operate for free or reduced rent. • This may not be feasible in San Francisco, which faces a similar affordable real estate crunch in a much smaller geographical footprint than LA. There are also legal implications to this policy that must be considered.

Massachusetts

Massachusetts approved adult-use cannabis on the November 2016 ballot and has not yet finalized its state licensing framework; although it anticipates issuing licenses in the summer of 2018. In contrast to California, local jurisdictions in Massachusetts are limited to zoning control over cannabis businesses while the state retains control over almost all licensing conditions and regulations. The primary equity provisions are currently comprised of language that was inserted into state legislation, requiring that certain equity provisions be included in the eventual state regulation. These are summarized in Figure 25 below.

Figure 25. Required Equity Provisions in Massachusetts State Law

Provision	Details
Agency Representation and Legislative Mandates	• The Cannabis Control Commission must include a certain number of commissioners and advisory board members with backgrounds or experience in social justice and minority business ownership. • The Commission must adopt rules to promote participation in the cannabis industry by people from communities that have been disproportionately harmed by cannabis prohibition and enforcement. • A subcommittee of the Advisory Board will develop recommendations on women, minority, and veteran-owned businesses, and local agriculture and growing cooperatives.
Criminal Record	• People with past cannabis possession charges are eligible to have their records sealed and there will be an awareness campaign to inform the public. • Past cannabis offenses will not disqualify an individual from working or owning a cannabis business (except sale to a minor).
Priority Licensing	Priority licensing for applicants that promote economic empowerment in communities disproportionately impacted by cannabis arrest and incarceration.
Spending Priorities	Fees and revenue will go to a fund used for restorative justice, jail diversion, workforce development, industry technical assistance, and mentoring services.
Variable Co-op Fees	Cultivator license fees for cooperatives (co-ops) will be commensurate with cultivation size to ensure small farmers' access to licenses.
Data Collection and Study	• Data collection that tracks diversity in the industry is required. • The Cannabis Control Commission must report annually on data collected and research any evidence of discrimination or barriers to entry. • Additional licensing rules will be promulgated if evidence of discrimination or barriers to entry is found.

The Massachusetts Cannabis Control Commission is also doing statewide listening sessions with the public to solicit comments and concerns about the eventual regulatory framework. Equity-focused organizations and interested lawmakers have spoken at these sessions to encourage the Commission to implement equity programming and frameworks.

Denver

The first retail sales of adult-use cannabis in the United States began in Denver on January 1, 2014. Denver accounts for 40% of the state of Colorado's cannabis retailers and reached $288.3 million in sales in 2016.[81] Although Denver does not have an equity program that explicitly promotes equitable ownership and employment in the cannabis industry, it nevertheless can provide important insights as a city that is much farther ahead in the permitting framework than San Francisco.

Denver regulates the number of permits, manner (i.e., the sales conditions), zoning, and hours of adult-use cannabis. When adult-use cannabis became legal, Denver allowed all existing medical cannabis businesses to apply for a permit if they were permitted by July 2014. In 2016, Denver capped the number of adult use permits to existing and pending applications. As of January 1, 2017, the City of Denver has issued 429 adult-use permits and 684 medical permits across 484 unique locations.[82]

Denver requires that permit applicants submit a Community Engagement Plan, which details commitments from the business to provide a positive impact in the community. The engagement plan is not specific to equity, but could include an equity component if the business owner so chose. Plans often focus on charitable efforts like food drives, street clean up, or community gardens. The permitting authority in Denver has no enforcement authority to compel accountability to its community engagement plan.

As Denver is multiple years into permitting, they are experiencing secondary impacts of permitting that should be considered by other cities who are just beginning. Figure 26 below summarizes Denver's key lessons learned in permitting cannabis businesses for the past three years that should be considered in San Francisco's implementation of adult-use cannabis and its equity program.

Figure 26: Denver Adult-Use Permitting Lessons Learned

Type	Lesson Learned
Accountability	While Denver requires community engagement plans, it has no enforcement authority to hold permittees accountable to execute the plans.
Financial	It is important to understand how much revenue a city will expect to see and how it can be used, if restricted. Cities must plan for how funds can and cannot be used.
Data	Data collection should be built into the system from the beginning, baselines established early, and efforts should be made to collect data along the entire permitting process. Before and after data is critical to understand the economic impact of the cannabis industry.
Education and Awareness	The public should be educated about what is allowed and what is not in the cannabis industry. Youth and public education should be built into the program from the start and be robust.

[81] The Denver Collaborative Approach: Leading the way in municipal marijuana management (2017 Annual Report).

[82] Ibid.

	Cities should try to understand who is not participating in the legal market and make robust efforts to engage this community.
Social Use	Consumption in private and members-only lounges, which do not sell cannabis but allow its use, is an issue that surfaces with legal cannabis, and how a city wants to permit these establishments should be considered.

Other State Equity Programs

Other states that have licensed medical cannabis have considered or implemented provisions to promote equitable participation in the industry. These equity components are summarized in Figure 27 below.

Figure 27. Summary of Equity Components for Medical Cannabis in Other States

State	Equity Component
Florida	Once the state's medical cannabis patient registry reaches 250,000, three more cultivation licenses will be issued, one of which will be designated for the Florida Black Farmers and Agriculturists Association.
Maryland	Maryland initially issued 15 cultivation licenses but was sued when none were issued to minority-owned applicants. The State Assembly considered but did not act upon a bill that would have allowed seven additional cultivation licenses in the state, all designated for minority-owned companies.
Ohio	State law requires that 15% of licenses go to businesses owned by four identified minority groups.
Pennsylvania	Cultivation and dispensary applicants must submit diversity plans that include how they promote racial equity through ownership, employment, and contracting. The state must also help minority groups learn how to apply for licenses.
West Virginia	State law requires that regulators encourage minority-owned businesses to apply for growing licenses.

VI. Findings and Recommendations

The following section seeks to provide recommendations[83] 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 offense. Specifically, this section provides key findings informed by this report's *Equity Analysis, Barriers to Entry*, and *Equity Program Benchmarking* sections. The recommendations incorporated are meant to inform policymakers as the City embarks on developing an Equity Program.

Green bullets represent potentially advantageous factors, red bullets indicate potential challenges, and black bullets represent neutral considerations.

	Finding 1: Eligibility factors should be focused on specific populations, namely, those that have been disproportionately impacted by cannabis prohibition during the War on Drugs, and criteria should be supported by data.	
ELIGIBILITY	**Recommendation:** The City's Equity Program should set specific criteria that define the population served. Criteria should be data driven to ensure the City meets its goal to prioritize individuals who have been previously arrested and convicted of cannabis-related offenses, or disproportionately impacted by the War on Drugs. Based on data analysis in this report, the City should consider including the following eligibility criteria: 1) Conviction history associated with cannabis related offense(s);[84] 2) Immediate family member with a conviction history associated with cannabis related offense(s);	**Considerations:** • Limiting the eligible group allows an affected group to receive higher-value benefits. • Rationale for eligibility criteria must be clear and justifiable, preferably with data, to minimize confusion among groups not included. • Eligibility should, at a minimum, require a cannabis-related arrest and conviction, and should be consistent with the State's conviction history guidelines. • The City will have to decide on whether it should limit convictions to within the City, the Bay Area, the state of California, or anywhere in the United States.

[83] These recommendations should be subject to City Attorney review prior to implementation.

[84] The City should consider making the following serious criminal convictions not eligible: offenses that include violent felony conviction(s); serious felony conviction(s); felony conviction(s) with drug trafficking enhancements; felony conviction(s) for hiring, employing or using a minor to transport, carry, sell, give away, prepare for sale, or peddle any controlled substance to a minor; or sell, offer to sell, furnish, offer to furnish, administer, or give away a controlled substance to a minor.

	3) Low Income Status;[85] 4) Residency Requirement; 5) Ownership Requirements; and if appropriate 6) Geographic Location[86]	
	Recommendation: *Eligibility Tiers* The City should create a tiered structure to provide proportional benefits necessary for each tier's success.	**Considerations:** • Tiered eligibility can offer progressively more valuable services to the most-impacted (directly and indirectly) individuals and mitigate bottlenecks in one-to-one licensing frameworks. • Ensures that applicants with a cannabis conviction history directly benefit from the program. • Ensures limited resources can be targeted most effectively. • Conviction-based eligibility could include convictions within the state, recognizing the impacts of convictions on an individual, regardless of location of arrest/conviction. • More complex eligibility criteria require increased program administration resources.
	Recommendation: *Ownership* The City should consider requiring ownership structures of equity applicant operators to reflect a certain percentage. This structure should set a baseline that ensures applicants realize benefits from ownership, including decision making power, but be flexible enough to allow for a variety of ownership structures.	**Considerations:** • Requiring a percentage of ownership and/or control ensures equity operators are realizing the financial benefits of their operations. • Los Angeles suggested 51%+, however, requiring 51%+ ownership may have an unintended impact of lessening outside investor interest and, therefore, may prove to be a capital barrier for equity applicants.

[85] Low income is defined as at or below 80% San Francisco's area median income as defined by California Department of Housing and Community Development.

[86] The disadvantaged populations identified in the *III. Equity Analysis* section of this report may serve as an appropriate metric for identifying workforce populations, however, if there is an interest in determining which communities have been disproportionately impacted by the War on Drugs over a sustained period of time, we would recommend further analysis.

PERMITTING	**Recommendation:** *Residency* The City should consider creating a residency requirement to ensure that current and former San Francisco residents who have experienced over policing and have difficulty accessing living wage jobs are the first to benefit from this program.	**Considerations:** • Because of the size of San Francisco's market, and in the interest of ensuring a tempered rollout of new activity, prioritizing residency will allow current and former residents to benefit first from this opportunity. • Los Angeles requires residency for no less than 5 accumulative years, with no less than 70% meeting this requirements, and Oakland requires residency for no less than 10 years.
	Finding 2: Adult-use cannabis permitting should ensure that equity applicants have sufficient opportunity to take advantage of the program and are not crowded out by more well-resourced applicants. It should incentivize ongoing support for Equity applicants, if necessary.	
	Recommendation: *Prioritization* The City should consider a prioritized permit process to assist Equity Applicants.	**Considerations:** • A faster approval process ensures applicants are not crowded out by more well-resourced applicants. • Permitting conditions could prevent well-resourced competitors from crowding out potential equity applicants. • Prioritization approaches need to be considered in the context of overall tiering and phasing strategies to ensure desired outcomes for equity applicants.
	Recommendation: *Phasing* The City should consider permitting phases that layer frameworks in succession. The City should complete an analysis on each phase and this analysis should advise policy adjustments to the Equity Program framework, permitting process, and geographic distribution for the next phase.	**Considerations:** • As currently proposed, in 2018, only 1) Equity Applicants, 2) existing operators, and 3) operators who were operating in compliance with the Compassionate Use Act but were forced to cease activities due to federal enforcement, are eligible to apply for permits. • Existing medical businesses should be permitted in initial permitting phase(s) to ensure continued access to medicinal cannabis for patients. • An overly complex program could delay permit issuance. • In a one-for-one model, there is potential for a bottleneck in licensing if insufficient

	numbers of equity-eligible individuals apply.
Recommendation: *Ratios* The City should, at a minimum, mandate a requisite number/percentage of equity applicants to new applicants during permitting phases.	**Considerations:** • As currently proposed, new general applicants are not eligible for permits in 2018, with the exception of businesses that were previously shut down through federal enforcement. As such, only Equity Applicants will be eligible for new permits in year one. • Both Oakland and Los Angeles have implemented or proposed a one-for-one licensing framework during the initial permitting phase that ensures 50% equity applicant participation to every new business.
Recommendation: *Provisional Approval* For Equity Applicants, the City should allow for provisional approval of a permit prior to the applicant securing real estate for their operation.	**Considerations:** • Provisional approval of a permittee could help the applicant overcome potential financial barriers to entry by providing investors with more certainty to back that applicant and incentivize investors to provide adequate capital for a physical location.
Recommendation: *CB3P for Retail Applicants* The City should consider extending the Community Business Priority Processing Program to Equity Applicants, specifically retail applicants, to allow for a fast tracked and streamlined Conditional Use review process.	**Considerations:** • The CB3P program would provide applicants with time savings and more clear timelines.
Recommendation: *Amnesty Program* The City should consider developing pathways, such as an amnesty program, to encourage existing nonconforming businesses - many of which are small operators who may qualify as Equity Applicants - to transition to the legal market in 2018.	**Considerations:** • Ensuring continued operation could mean the operator faces fewer barriers to enter the regulated market.

Finding 3: Incubator programs are designed to incentivize partnerships between entrepreneurs or established cannabis operators and equity applicants, helping to achieve equity goals at no cost to the City.	
Recommendation: *Incubator Programs* The City should considering including a flexible incubator program that allows Equity Applicants to partners with operators who wish to further the City's equity goals. Such partnerships could include combinations of workforce, financial, capital, real estate, and technical assistance provided by non-equity applicants.	**Considerations:** • Incubator options that allow employers and cannabis operators flexibility to determine appropriate program offering(s) can incentivize private sector investment in equity goals (e.g., real estate and/or mentoring; landlords allowing cannabis businesses on their property) • Accountability measures must be taken to ensure parties conform to agreements and equity outcomes are achieved. • Equity incubators incentivize knowledge and resource sharing with Equity Applicants at no cost to the City. • Oakland has faced criticism that requiring existing businesses to form incubators runs the risk of "hollowing out the middle," where the market shifts toward one that consists only of large, well-funded businesses and equity businesses, a model that could ultimately crowd out equity businesses.
Recommendation: *Incubator Program Priority Processing* The City should consider extending priority processing to Incubator Program applicants.	**Considerations:** • Priority processing will allow the City and the incubated operator to realize the equity benefits faster. • Non-equity existing operators that serve as "incubators" could be eligible to receive priority permit review and issuance. • Prioritization approaches need to be considered in the context of overall tiering and phasing strategies to ensure desired outcomes for equity applicants.
Recommendation: *Success Metrics* Metrics should be incorporated into the Equity Program to ensure that operators are	**Considerations:** • Operators could use Equity Applicants to enter the market in 2018, and provide them with no meaningful benefits.

	helping move Equity incubator operators towards success.	
COMMUNITY REINVESTMENT	**Finding 4: Adult-use cannabis revenues can be dedicated to community reinvestment programming that can help to addresses inequities in cannabis enforcement and lasting impacts to communities of the War on Drugs.**	
	Recommendation: *Creation of a Community Reinvestment Fund* The City should consider creating a Community Reinvestment Fund to allocate cannabis tax revenue and focusing investments on those communities disproportionately affected by cannabis enforcement. Programming may include restorative justice, jail diversion, and improving the health and wellbeing of communities that have been affected by the War on Drugs.	**Considerations:** • Community reinvestment offers neighborhood-wide and neighbor-directed benefits to those who were most disproportionately impacted by cannabis enforcement but are not participating directly in the cannabis economy. • A cannabis tax has not yet been approved by San Francisco voters, and there is little information available on revenues and spending priorities. • Cannabis tax revenues may be an inconsistent source of revenue until the market stabilizes, which could take a few years.
	Recommendation: *Anti-Stigma Campaign* The City should consider committing a portion of funding to build on the Department of Health's awareness campaign to further acknowledge the impact of the War on Drugs and the stigma that remains in certain communities.	**Considerations:** • Reducing stigma could help operators better access capital, real estate, and technical assistance. • Community awareness through this campaign can help calm fears that have been developed over decades of misinformation and scare tactics used during the War on Drugs. • In developing a more regular lexicon to use for the regulated activity, City should avoid Drug War language including "crackdown," and "Black market."
	Recommendation: *Funding for Community Reinvestment* The Office of Cannabis should continue to coordinate with City partners, including the Office of Economic and Workforce Development and the Mayor's Office, to continue advocacy for funding through the Governor's Office of Business and Economic	**Considerations** • State funding can enhance and supplement the City's ability to meet local equity goals.

	Development community reinvestment grants program.	
	Recommendation: *Equity Plan* The City should consider requiring applicants to submit, as part of their Community Benefit Agreement, an Equity Plan that describes how the applicant's business supports the Equity goals of the City.	**Considerations:** • This encourages business to think about Equity in the context of it being a community benefit in their surrounding neighborhood, and allows them to consider equity more broadly in the context of their business model.
	Recommendation: *Streamline Expungement Opportunities* Community reinvestment programming should include streamlined expungement events held in neighborhoods that have been disproportionately-impacted by the War on Drugs.	**Considerations** • Bringing events to communities enhances overall outreach for the equity program and reduces barriers to navigating the expungement process. • Such events should be done in coordination with the Public Defender's Office, the Courts, and other relevant partners, and they should provide clients with an expedient expungement process.
WORKFORCE DEVELOPMENT	**Finding 5: All cannabis operators should promote equitable employment opportunities for those communities harmed by the War on Drugs. These opportunities should include hiring formerly-incarcerated individuals, hiring in targeted neighborhoods, and paying living wages.**	
	Recommendations: *Leverage Existing Programs* The City should leverage eligible[87] existing workforce programs to provide pathways to employment in the legal cannabis industry for individuals engaged in street-level drug commerce.	**Considerations:** • Length of program would need to be balanced, making sure participants are job ready while meeting their need to enter the workforce quickly. • Accelerated training programs, similar to the models that allow for flexible approaches to certification should be leveraged to expedite and prioritize employment opportunities for persons who meet the equity permit criteria. • Cannabis industry workforce program could be modeled after existing OEWD Reentry Services Program. • Leveraging existing programs offers people opportunities to build skills for other industries as well.

[87] The City should recognize that there are some community based organizations that rely on federal funding and may therefore be unable to provide services due to threat of federal enforcement.

Recommendations: *Expand Workforce Curriculum* The City should consider expanding curriculum to support new workforce and/or entrepreneurship services for street level cannabis participants across industries.	**Considerations:** • The City's approach to curriculum development through GoSolarSF could be used as a model. • This would require engagement and training of new CBOs, in basic workforce knowledge. • There may be limited potential for program growth due to considerations and restrictions around co-mingling cannabis workforce funding with other sources. • This approach would also take time and creating new programming can be costly. • There is a potential lack of data related to industry workforce projections, making it difficult to scope program size and funding.
Recommendations: *Workforce Fairs* The City should support a series of workforce fairs with partners including Invest in Neighborhoods, Small Business Commission and others to provide outreach, education, and ownership support.	**Considerations:** • Bringing events to the community can assist with outreach and help build trust with City agencies.
Recommendation: *Training Personnel with Industry Experience* The City should consider hiring training personnel who are experienced in the industry transitioned from the unregulated market to regulated cannabis industry to ensure curriculum relevance and applicability.	**Considerations:** • Persons with experience in the unregulated and regulated cannabis market may be well positioned to advise individuals looking to join the regulated market. • These positions could create additional workforce opportunities for persons impacted by the War on Drugs. • Much of the City's workforce training partners make independent personnel decisions. • The need for official industry knowledge could be addressed via future RFP's.
Recommendation: *Incorporate Local Hire & Refine Requirements* The City should incorporate local hire requirements, and should consider requiring or incentivizing employers to prioritize	**Considerations:** • Given that not all persons who were disproportionately impacted by the War on Drugs are ready to start their own cannabis business, ensuring they have

applicants from then disadvantaged communities.[88]	meaningful access to workforce opportunities in the Cannabis Industry is critical. • Refining Local Hire requirements to target specific areas of the City could allow us to see more persons from disenfranchised communities enter the workforce pipeline. • The City would need to ensure people are hired for full time, fair wage jobs and not just used to obtain the permit. • Cannabis businesses could be required through their CBA's to participate in First Source beyond entry-level positions, providing upwardly mobile career pathways in addition to incorporating mid-level placements. • A large amount of resources and infrastructure is required by the City for enforcement/reporting, therefore, this would require a funding source as well as time to build the internal capacity. • Local Hire and any requirements related to hiring from specific location may add technical human resource burdens to operators when the City should seek to reduce technical burdens.
Finding 6: Existing City legislation can be leveraged to expand equitable employment opportunities.	
Recommendations: *Education on Fair Chance Ordinance* The City should proactively educate all cannabis businesses on the provisions of San Francisco's Fair Chance Ordinance (FCO) that regulates the use of arrest and conviction records in employment decisions.[89]	**Considerations:** • Since the City has determined Prop 47 convictions are "low priority" this would help to ensure those convictions are not used to deny individuals meaningful employment.
Recommendation: *Remove Cannabis Conviction Workforce Barriers*	**Considerations:**

[88] As described in Section III, Subsection E. Disadvantaged Communities.

[89] See Appendix D. Existing Resources.

	The City should look at legislating the removal of employment barriers based on cannabis-related convictions across all sectors.	• Adding this language to Article 49 of the Police Code (the Fair Chance Ordinance) would help ensure that conduct which is now legal under Proposition 64 does not continue to be a barrier to employment.
FINANCIAL & CAPITAL ACCESS	**Finding 7: Individuals and neighborhoods that have been disproportionately targeted for drug enforcement and consequently disadvantaged socio-economically may have a particularly difficult time overcoming financial barriers.**	
	Recommendation: *Existing Operator Participation* The City should incentivize operators that may receive a temporary permit to operate an adult-use business to contribute to the City's equity goals. Any commitments made by operators should remain in place until the operator's Article 16 Community Benefits Agreement is approved.	**Considerations:** • Proactive participation by existing operators will help the City move towards equity goals before mandates meant to further equity are implemented.
	Recommendation: *Access to Banking* The San Francisco Treasurer and Tax Collector should continue to work closely with the State Treasurer to provide more opportunities for applicants to access banking services, and should play a brokering role with California credit unions to teach/partner with San Francisco based credit unions so that they may serve as a resource to San Francisco based operators.	**Considerations:** • Mitigates financial barriers
	Recommendation: *Consideration for Municipal Bank* In line with File No. 170448, *Urging the Office of the Treasurer and Tax Collector to convene a Municipal Public Bank Task Force*, the City should continue to move forward expeditiously with the review of a municipal banking policy to ensure applicants have the opportunity to be provided equitable and transparent access to capital in the absence of federally regulated banks participation.	**Considerations** • Would create access to banking for the industry as a whole. • Money generated from fees and interest could be used to subsidize loans to equity applicants.

Recommendation: *Fee Waivers* The City should consider waiving application, permit, and inspection fees for some or all equity applicants in their first year to lower financial barriers of entry.	**Considerations:** • There would be substantial cost associated with this on behalf of departments. • "Fairness" for entrepreneurs from disenfranchised communities starting non- cannabis businesses and not receiving such a waiver may become a concern in the business community.
Recommendation: *Reducing Social Stigma* Recognizing that equity permit holders might have limited access to social and financial capital, which could further be impacted by the social stigma associated with cannabis use and sales, the City should invest in a campaign to acknowledge the impact of the War on Drugs and the stigma and bias associated with both users and businesses.	**Considerations:** • The City's public information campaign could be used to address multiple issues, including facts about the health impacts of cannabis use as well as the racialized history of prohibition and enforcement.
Recommendation: *Loans* The City should create a fund that could receive funds from Equity Incubator applicants, and use this fund to support Equity Operators.	**Considerations:** • This fund can provide a source of revenue prior to the implementation of a cannabis specific tax. • If needed, it could take time to find a qualified CBO that has no other federal conflicts to administer such a program or internal capacity and staffing would need to be developed.
Recommendation: *Setting Tax Rate*[90] In order to address the barrier that well-funded businesses may be more capable of building in financial contingencies for things such as unforeseen tax liabilities, the City should consider tax policies that mitigate the tax burden on equity applicants.	**Considerations:** • Contemplating a tax rate that mitigates the tax burden on equity applicants ensures they remain competitive in a market that has better resourced operators. • Higher tax rates can increase the effective price of cannabis causing some consumers to shift spending to other goods or buy their cannabis outside of the regulated market.

[90] See Appendix E Taxation: State Structure & Review of Other Jurisdictions' Tax Structures

TECHNICAL ASSISTANCE

Finding 8: New cannabis businesses may face technical knowledge-based gaps around an industry that has been historically underground. Technical barriers can include aspects of cannabis development as well as business planning and operations. These barriers are more difficult to navigate for lower-income individuals who may not be used to working in regulated environments and/or unable to afford specialized consulting or technical assistance.

Recommendation: *Create a Simple & Transparent Application Process* The City should create a permitting process that is simple, transparent, and employs technological solutions to help speed and make applicants aware of process from day one.	**Considerations:** • A simple intake and application process will make it easier for the applicant to know if they are eligible for a permit, as well as be better informed of what the path towards becoming a permitted business may entail. • To support this, a section for cannabis businesses can be added under Businesses Type in the Permit Locator of the San Francisco Business Portal.
Recommendation: *Leverage Existing Resources* The City should steer Equity Program participants in need of business, compliance, and industry-specific technical assistance and mentorship to the various eligible City entrepreneurship and workforce programs currently available, many of which are referred to in the "Existing Resources" section.[91]	**Considerations:** • Leveraging of existing entrepreneurship and workforce programs minimizes up front cost and resource needs for the Office of Cannabis.
Recommendation: *Matching Opportunities* The City should create a program to match small operators, equity applicants, and interested landlords.	**Considerations:** • Leveraging existing relationships with the landlord community, educating them on the regulatory structure could create more real estate opportunities. • Matching small operators, including equity applicants, creates potential incubator partnership opportunities, and where/when allowed, co-op partnership opportunities.

[91] See Appendix D, Existing Resources

Recommendation: *Partner with Local Non-Profits* The City should also consider partnering with local consultants and non-profit organizations to provide cannabis specific business consulting, such as business plan workshops, and regulatory compliance assistance.	**Considerations:** • Use of contracted organizations minimizes the need to hire additional city staff resources while leveraging local industry expertise. • Contracting for technical expertise will require up-front funding before adult use tax revenue is available • Many business-service-providing nonprofits are funded and/or chartered by the Federal government and will be unable to provide services – substantial time may be needed to develop new CBO partners to create programming in this space.
Recommendation: *Staffing in the Office of Cannabis* The Office of Cannabis should assign a staff member to serve as the primary program coordinator for the program.	**Considerations:** • This staff member will coordinate with City departments, including the Human Rights Commission and the Office of Economic and Workforce Development. • Applicants who meet Equity criteria will receive assistance from this person in completing their application and navigating City processes through coordinated efforts of this program coordinator and staff in the Office of Small Business.
Recommendation: *Creation of Curriculum* The City should encourage local academic institutions such as City College to expeditiously create cannabis specific workforce and entrepreneur training opportunities for San Francisco residents, particularly Equity Applicants, at free or reduced costs.	**Considerations:** • The existing partnership between the City and City College is one that should ensure that San Francisco's residents have access to impactful and meaningful curriculum.

CRIMINAL HISTORY

Finding 9: The War on Drugs has disproportionately affected communities of color. Despite Proposition 64, which allows applicants who have been convicted of drug offenses to be eligible for a cannabis business license in California, a criminal history can limit an individual's ability to gain employment, apply for government assistance, and/or obtain a loan, thereby creating barriers to entry into the adult-use cannabis market.

Recommendation: *Streamline Expungement Opportunities* The City should ensure community reinvestment programming includes expungement events held in disproportionately-impacted neighborhoods.	**Considerations:** • Bringing events to communities enhances overall outreach for the equity program and reduces barriers to navigating the expungement process. • Such events should be done in coordination with the Public Defender's Office, the Courts, and other relevant partners, and they should provide clients with an expedient expungement process.
Recommendation: *Navigation to Clean Slate Program* The application process within the Once the Office of Cannabis should serve as an additional entry point into the San Francisco Public Defender's Clean Slate Program.[92]	**Considerations:** • Expungement can mitigate some financial barriers to entry into adult-use cannabis.

[92] See Appendix D, Existing Resources.

STAKEHOLDER ENGAGEMENT

Finding 10: Arrest and conviction of cannabis offenses has disproportionately affected communities of color, eroding trust between these communities and law enforcement/government. These communities may be wary of formally entering an industry in which they have been historically targeted for criminal enforcement.

Recommendation: *Creation of Culturally Sensitive + District Specific Outreach* The City, in consultation with each Supervisor, by creating district specific, culturally sensitive outreach.	**Considerations:** • Rebuilds trusts between equity communities and the government. • Surfaces opinions regarding what is effective and not effective from various stakeholders. • Inform regulators' understanding about the unique operating environment for San Francisco cannabis entrepreneurs. • This outreach increases the chances of program success by recognizing opportunities to proactively engage stakeholders in a familiar environment. • Advisory boards or commission can add additional layers of bureaucracy. • Upfront need of program resources to perform outreach and respond to questions from the public.
Recommendation: *Create Informal Relationships* The City should create informal relationships (e.g., listening sessions) between regulating entities and a large stakeholder group that includes equity-eligible community members.	**Considerations:** • The relationships may help to build trust in government. • Creating relationships built on trust between regulatory authorities and the community is necessary for the success of the program and for effective regulation.
Recommendation: *Create Formal Relationships: Task Force Membership* The City should create formal relationship between regulating entities and stakeholders that represent equity eligible communities. To that end, the City should consider amending the San Francisco Cannabis State Legalization Task Force membership to provide membership to representatives from neighborhoods and communities with high concentrations of eligible individuals. These representatives should have a cannabis related conviction history and/or should work	**Considerations:** • The relationships may help to build trust in government. • Creating relationship built on trust between regulatory authorities and the community is necessary for the success of the program and for effective regulation. • Advisory boards or commission can add additional layers of bureaucracy and the more formal nature doesn't always lend itself to relationship/trust building.

PUBLIC AWARENESS & EDUCATION	with populations that have cannabis related conviction histories.	
	Finding 11: An Equity Program is effective if cities and states conduct the necessary public outreach such that potentially eligible persons are aware of the program and its benefits as early as possible.	
	Recommendation: *Program Education & Outreach* The City should deploy outreach and educational campaigns that spread awareness of the Equity Program across the city but also target neighborhoods and communities with high concentrations of eligible individuals.	**Considerations:** • Mitigation of ambiguity around what is legal at the local, state, and federal levels. • Allows for mitigation of not knowing what opportunities are available. • Allows for mitigation of distrust between law enforcement and those communities disproportionately affected by cannabis arrests and convictions. • This effort would require upfront resources to perform outreach and respond to questions from the public. • The outreach should contemplate concern from the community about oversaturation of cannabis related information exposure to youth.
	Recommendation: *Culturally Sensitive Outreach* Supervisors should participate in creating district specific community and culturally sensitive outreach strategies, to ensure robust, thorough and multicultural outreach and engagement throughout San Francisco.	**Considerations:** • Rebuilds trusts between equity communities and the government. • Surfaces opinions regarding what is effective and not effective from various stakeholders. • This outreach increases the chances of program success by recognizing opportunities to proactively engage stakeholders in a familiar environment. • Upfront need of program resources to perform outreach and respond to questions from the public.
	Recommendation: *Immediate Outreach* Outreach to potential applicants should begin as soon as a program is established and prior to when Article 16 applications are accepted.	**Considerations:** • Immediate outreach ensures equity-eligible applicants are not crowded out.

DATA COLLECTION & ACCOUNTABILITY

Finding 12: All peer jurisdictions who have implemented adult-use cannabis require data collection to understand the impact of the industry. Oakland and Los Angeles propose tracking data on general and equity applicants on a regular basis to measure the success of its Equity Program.

Recommendation:

The City should incorporate data collection requirements into the application and reporting processes to track that all components of an Equity Program and to measure its impact on the community.

The City should consider incorporating the following data metrics into the application, permitting and permit renewal process:

- Number of equity applicants to apply
  - Types of drug related offenses (aggregate)
  - Income status (aggregate)
  - Race (aggregate)
  - Ethnicity (aggregate)
  - Gender (aggregate)
  - Sexual identity (aggregate)
  - San Francisco residency status
  - Ownership structure
- Total percentage of ownership by and employment of San Francisco residents
- Workforce characteristics
  - Total number of employees
  - Number of local employees
  - Percent of hours of local employees
    - Full time
    - Part time
  - Percent of hours from employees placed through First Source
  - Other factors that align with mandated or recommended workforce guidelines.

Further, to ensure we closely track policing associated with legalization, the City should track and report out on arrest rates, locations of arrests, gender, ethnicity, race, etc.

Considerations:

- Data gathering components should be built into the Equity Program from the outset and baselines should be established early.
- Data should be collected along the entire licensing and monitoring process.
- Quality data (e.g., demographic data) is critical for establishing the case for pre- and post-adult use analyses.
- The source of data, particularly law enforcement data, could span various systems and agencies across the City, potentially adding risk to data reliability and accuracy and requiring coordination.

	Recommendation: *Require Regular Reporting* The City should require a follow-up report from appropriate agencies including the Office of Cannabis and Human Rights Commission. These reports should analyze the implementation and outcomes of the Equity Program, permitting, and geographic distribution and make programmatic recommendations for 2019.	**Considerations:** • Status and outcome reports will be critical for course correction and adjusting the Equity Program to meet community needs.
	Finding 13: Without accountability mechanisms in place in an Equity Program, any equity commitments made by permit holders are unenforceable.	
	Recommendation: *Enforcement of CBAs* The City should ensure that commitments (e.g., real estate by incubator applicants) made by permittees must be enforceable by making compliance with community benefits agreements a permit condition that when not followed, leads to a fine, permit suspension or ultimate revocation. The City should regularly audit community benefit agreements to ensure compliance.	**Considerations:** • Accountability mechanisms should be clearly identified during the licensing application phase. • Equity outcomes could be tied to community benefit commitments. • The auditing of CBA's will require significant staff time and resources.
MODIFICATION & COURSE CORRECTION	**Finding 14: Course correction mechanisms in an Equity Program can mitigate unintended consequences and allow cities to remain flexible in an emerging adult-use cannabis industry.**	
	Recommendation: *Course Correction* The City should plan to mitigate unintended consequences (e.g., worsening of racial disparities in cannabis offenses) through policy implementation changes over time and course-correction mechanisms needed to further equity goals. Examples of course-correction mechanisms include but are not limited to the following: • Licensing in phases (e.g., equity balance initial phases before unrestricting licensing) • Implementation of eligibility requirements in phases to ensure equity outcomes are being met	**Considerations:** • Licensing in phases allows for time to learn and adjust before larger-scaled implementation. • Formal relationships between regulatory agencies and a large stakeholder group can uncover key challenges and needed adjustments as well as build trust in an evolving regulatory environment. • An evolving licensing and regulatory framework could cause confusion and/or mistrust amongst stakeholders. • A formal stakeholder group can add bureaucracy and drown out smaller voices.

	• The creation of formal relationships between regulatory agencies and a large stakeholder group • Flexible incubator options or other incentives to allow for more established retailers to maximize their opportunities for participation in the Equity Program. • The automatic expiration or reduction of provisions and the long-term direction for both governing bodies and revenues.	
LAND USE & ZONING	**Finding 15: Geographic barriers for low income or disadvantaged individuals can exist if there is a restricted area of opportunity, and scarcity of available land can drive up real estate value.**	
	Recommendation: *Equitable Distribution* The City should consider land use controls that provide for more equitable distribution of cannabis storefront retail to mitigate overconcentration in disenfranchised neighborhoods	**Considerations:** • By reducing the eligible locations for businesses, scarcity creates further challenges for equity applicants.
	Recommendation: *Thoughtful Placement* The City should consider the concentration of cannabis, tobacco and alcohol retailers when issuing land use approvals.	**Considerations:** • Considering alcohol and tobacco outlet density is important to ensure any one neighborhood is not oversaturated with activity associated with potential health harms.
	Recommendation: *Task Force Membership* The City should amend the San Francisco Cannabis State Legalization Task Force membership to provide membership to representatives from disadvantaged communities[93] to ensure that issues related to overconcentration are addressed at the Task Force.	**Considerations:** • Formal relationships between regulatory agencies and a large stakeholder group can uncover key challenges and needed adjustments as well as build trust in an evolving regulatory environment. • A formal stakeholder group can add bureaucracy and drown out smaller voices.

[93] As defined in *Section III, Subsection E, Disadvantaged Communities.*

Appendix A. Center on Juvenile and Criminal Justice Drug Arrests Report, 2017

San Francisco's Drug Arrests Drop 90% through 2016; Disproportionate Arrests of African Americans Persist

By
William Armaline, Ph.D., SJSU HRI and Dept. of Sociology
Mike Males, Ph.D., CJCJ Senior Research Fellow
October 2017

Summary

Over the last 15 years, the Center on Juvenile and Criminal Justice has issued a series of reports detailing the 40+ year pattern of San Francisco's racially discriminatory arrest practices against African Americans, particularly for drug offenses. In the last seven years, a major new development has arisen: policy reforms and San Francisco's mammoth decline in drug arrests have dramatically reduced the impact of drug offense policing on all communities. The context of today's racial disparities is that San Francisco appears to be rapidly moving away from arrest-oriented drug enforcement, with huge declines in drug arrests over the last three decades (even as the city's population rose by 150,000), capped by a dramatic, 91% plummet in the reform era over the last seven years:

1988-89 (peak years for drug arrests):	Felonies, 22,500;	misdemeanors, 6,700;	total, 29,200
2008-09 (peak years prior to reform):	Felonies, 14,500;	misdemeanors, 4,800;	total, 19,300
2015-16 (most recent years):	Felonies, 1,700;	misdemeanors, <100;	total, 1,800

Further research is necessary to investigate the causes and implications of this statistical trend. For instance, it would be reasonable to explore the role of emergent recreational cannabis legalization in California on policing, keeping in mind that over half of all drug arrests nationally are for cannabis,[1] and that cannabis arrests tend to follow the same racially disparate enforcement patterns that have historically characterized the drug war. Indeed, national data suggests that despite using cannabis at approximately the same rate as whites, African Americans are still 4 times as likely to be arrested for it.[2] In San Francisco, cannabis reform would have had a lesser effect on drug arrest totals (since marijuana offenses comprised fewer than one-fifth of drug arrests prior to reform) but may have been an important, added "signal" to law enforcement to de-prioritize drug arrests. The "previous findings" below illustrate a legacy of racially disparate drug arrests in San Francisco, with a particularly disturbing focus on African American girls and young women.

In sum, this report offers a description and initial analysis of the large drug arrest decline amid persistent racial disparities in felony and misdemeanor drug arrests in San Francisco. It also provides some guidance on how these trends might be viewed in the larger context of drug policy reform according to an international human rights framework. Contemporary drug policy solutions that employ an international human rights framework (1) demand equal protection under the law in form and effect; (2) embrace public health (vs. criminal justice) approaches to addressing problematic forms of drug use; and (3) favor

[1] According to studies by the ACLU, marijuana arrests represented 52% of all drug arrests in 2010, and this pattern seems to persist. See more here: https://www.aclu.org/gallery/marijuana-arrests-numbers.
[2] https://www.aclu.org/gallery/marijuana-arrests-numbers

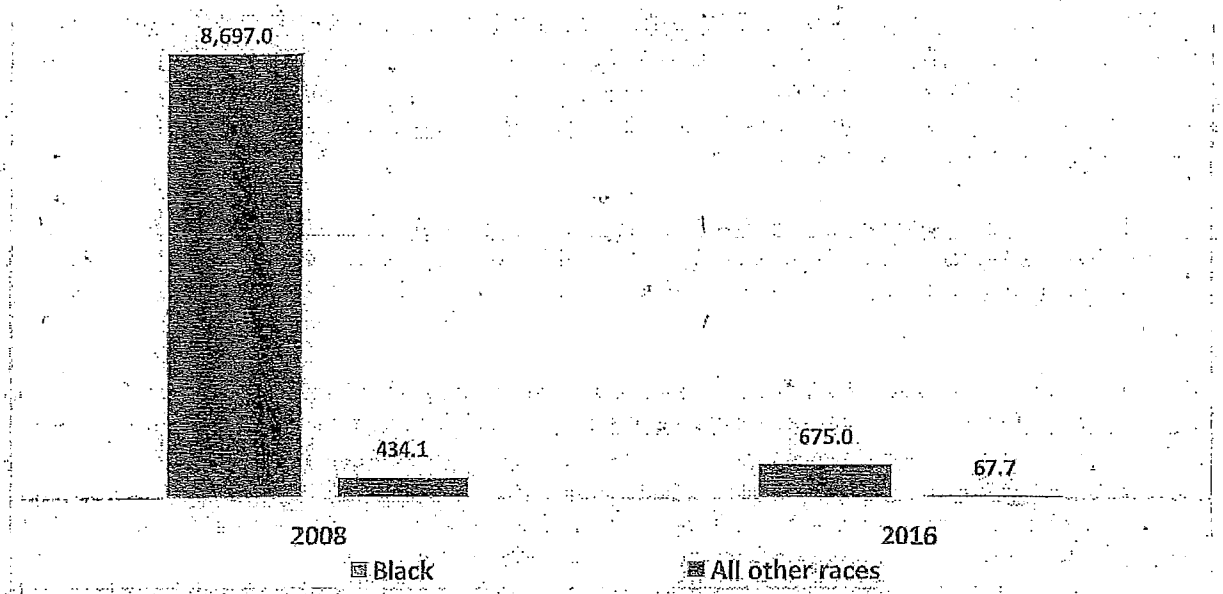
legal, regulated drug markets over criminal prohibition. Legalization first serves to eliminate arrest and incarceration (criminal justice) as the primary responses to illicit drug use and sale. Further, legalization can eliminate the profit motive for organized crime—also reducing the violence necessary to regulate illicit markets. Instead, new revenues and opportunities emerge that can be invested in communities most negatively impacted by decades of the disproportionate, punitive, and largely ineffective enforcement of criminal prohibition. Finally, a major objection to legalization – the purportedly bad effect on young people – has been strongly challenged by California's experience with marijuana and other drug reforms applied to all ages. Declines of 80% in teenaged marijuana arrests since 2010 have accompanied large, *continuing declines* in crime, gun killings, violence, drug offenses, violent deaths, traffic deaths, suicides, school dropout, unplanned pregnancy, and related problems among youth.

Key Findings

- Drug-law reforms, policing changes, and other, unknown factors have apparently reduced drug felony arrest rates drastically in San Francisco (down 92% for African Americans and 85% for other races from their 2008 peak through 2016).
- In 2008, a number equal to 8.7% of San Francisco's African American population was arrested for drug felonies. In 2016, the number had dropped to 0.7%.
- Arrest rates of youths in San Francisco for drug felonies have declined by 94% in recent years, including a decline of 98% among African American youth. Only two San Francisco youth were arrested for marijuana offenses in 2016, down from 53 in 2008.
- San Francisco's explosion in drug felony arrests of African Americans during the 1995-2008 period did not occur elsewhere in the state, nor for other racial categories in San Francisco. Conversely, the city's decline in drug arrests for all races from 2008 to 2016 was larger than occurred statewide.
- While some of the decline in felony arrests is due to the reclassification of many felony drug offenses as misdemeanors during recent reforms, misdemeanor drug arrests also fell by 90% in San Francisco from 2008 to 2015, also a much larger decline than statewide.
- Racial disparities in 2016 have narrowed from the peak year, 2008, when African Americans in San Francisco were 19.2 times more likely than non-black San Franciscans, and 4.5 times more likely than African Americans elsewhere in California, to be arrested for a drug felony.
- Even at today's much lower levels, however, large racial disparities persist. In 2016, African Americans in San Francisco experienced felony drug arrest rates 10 times higher than San Franciscans of other races, and 2.4 times higher than African Americans elsewhere in California. Among youth (a very small sample), Latinos are now twice as likely as African Americans, five times more likely than whites, and nearly 10 times more likely than Asians to be arrested for a drug felony.
- In 2007 (the peak year for youth drug arrests), San Francisco's African American female youth accounted for 40% of the felony drug arrests of African American female youths in California and had arrest rates 50 times higher than their counterparts in other counties. In 2014-2016, only one African American female youth was arrested in San Francisco for a drug felony.

- In 2007, 125 of the city's 265 youth drug felony arrestees were Latinos, 112 were African Americans, and 12 were Asians. In 2016, seven were Latinos, one was African American, two were Asians, and none were White.
- Racial patterns in drug arrests still do not match racial patterns in drug abuse. Of the 816 people who died from abusing illicit drugs in San Francisco during the five-year, 2011-2015 period, 55% were non-Latino Whites, 22% were African Americans, 10% were Latinos, and 9% were Asians. In contrast, 43% of the city's 6,587 drug felony arrests during this period were African Americans (other races are not detailed by San Francisco police).

Figure 1. San Francisco drug felony rates drop 92% for African Americans, 85% for Non-blacks from 2008 to 2016



Sources: DOJ (2017); DRU (2017).

Background

Previous Findings and Reports

Historically, San Francisco's drug war has been waged vigorously, disproportionately affecting communities of color while failing to address the city's serious drug abuse problem. Beginning in 2002, CJCJ issued a series of reports showing San Francisco's arrest rate of African Americans for drug offenses far exceeded that of other racial categories, and of African Americans elsewhere in California (CJCJ, 2002, 2004, 2004a, 2005, 2012). Using detailed arrest figures, CJCJ found staggering racial disparities in local policing that far exceeded the worst of those found in other cities and counties. During that time, San Francisco's African American female youth were arrested for drug offenses at rates 19 times those of local female youth of other races and at 29 times the drug felony rate of African American female youth elsewhere in California. The disproportionate policing of African American female youth for drug offenses did not seem to be driven by relevant research on local drug abuse, which showed 60% of the thousands of deaths over the last decade from illicit drug overdoses involved non-Latino whites,

overwhelmingly concentrated in men and those over 30 years of age. Research by the American Civil Liberties Union of Northern California (2002) produced similar findings on racial profiling by San Francisco authorities in drug law enforcement.

CJCJ's findings in 2002 led to presentations to the San Francisco Board of Supervisors (CJCJ, 2004; updated 2005: see Appendix A) in an April 2004 hearing called specifically "to consider why the arrest and incarceration rates for young African American women are the highest of any California jurisdiction," along with a complaint to the city's Human Rights Commission (CJCJ, 2004a, see Appendix A). These studies and complaints resulted in referrals to various committees and departments but did not result in concrete action, to our knowledge.

CJCJ also submitted the findings on the high arrest rates of African American female youth and women to the San Francisco Commission and Department on the Status of Women (2003), established under United Nations covenants, for their report on the city's female youth. Yet, the Commission's *A Report on Girls in San Francisco*, failed to analyze this critical issue, but rather stated it was simply a problem "among girls" it depicted as becoming more criminal:

> An alarming trend among girls in San Francisco defies national and local trends for boys. San Francisco girls, as well as girls coming to San Francisco from neighboring communities, are getting arrested in higher numbers and for more serious crimes than girls in other parts of the state (p. 6).

The Commission noted that, "While African American girls make up 12.5% of the 10-17 year old girls in San Francisco, they accounted for over half (57.1%) of the girls being arrested or cited for law violations in 2000" (p. 15). It did not examine alternative explanations for their being arrested at rates nearly 10 times that of other female youth in the city. Issues of discriminatory policing and policies were not raised as one would expect from an investigatory body charged with enhancing the status of women. CJCJ's critique of the report in a letter to the Commission expressed dismay.

> ...that the report states that girls actually are committing these crimes without raising the alternative possibility of a shift in police and program attention. There are reasons within the arrest trends to suggest official policy change rather than girls' behavior—evidence that girls' assaults charged as misdemeanors elsewhere are charged as felonies in SF, the absolutely unbelievable "fact" that SF girls are 10 times more likely to be arrested for drugs and robberies than LA girls, the fact that 1 in 4 African-American girls age 10-17 are arrested every year, etc. I hope that press and officials are not left to assume (as they have so far) that girls (that is, black girls) are factually and obviously becoming more criminal (CJCJ, 2002, p. 2).

An updated Commission (2009) report also failed to address racially disproportionate arrest issues. In the few instances in which the issue has been discussed, authorities did not consider alternative explanations for the city's arrest trends or engage in a comprehensive analysis of policing policies. As a result, San Francisco's pattern of significant racial disparities in drug law enforcement persisted through 2009.

Since 2009, as noted, the 91% decline in drug arrests in San Francisco (declines particularly pronounced among African Americans and youth) has constituted a major reform in and of itself. Whether the city's higher than average decline in drug arrests is due to deliberate policy and policing changes or is a

spontaneous reaction by law enforcement to reform measures would be illuminating to determine. In either case, it appears proactive policy changes will be required to confront persistent racial disparities in arrest.

Method

Data for this report are taken from San Francisco Police (SFPD) and Sheriff's Department (SFSO) arrest statistics for 1977 through 2016 as well as comparable statewide statistics, published by the state Criminal Justice Statistics Center and posted on the Attorney General's Open Justice site (DOJ, 2017). SFPD data have numerous shortcomings. Alone among California's counties, SDPD and SFSO do not separate arrests by Hispanic ethnicity but instead distribute them among White and Other racial categories. Further, the SFPD classifies 44% of its felony arrests in 2016 as unspecified "other" offenses (not violent, property, drug, sex, or public order offenses). These failings render San Francisco arrest statistics for Whites, Hispanics, and Asians largely useless, arrest totals for specific offenses understated, and both incomparable to state arrests – and also distort state arrest totals. **They also raise the possibility that *none* of the racial statistics released by the SFPD, including for African Americans, are accurate.**

Thus, statistics from the San Francisco Juvenile Probation Department (SFJPD) (2017) tables on duplicated juvenile drug arrest counts in 2016 by gender, race/ethnicity, and offense are used to estimate the correct proportions by race for this report. No similar adjustments appear possible for adult arrestees. Rates of arrest are calculated by dividing totals by state Department of Finance populations for each age group, gender, and race.

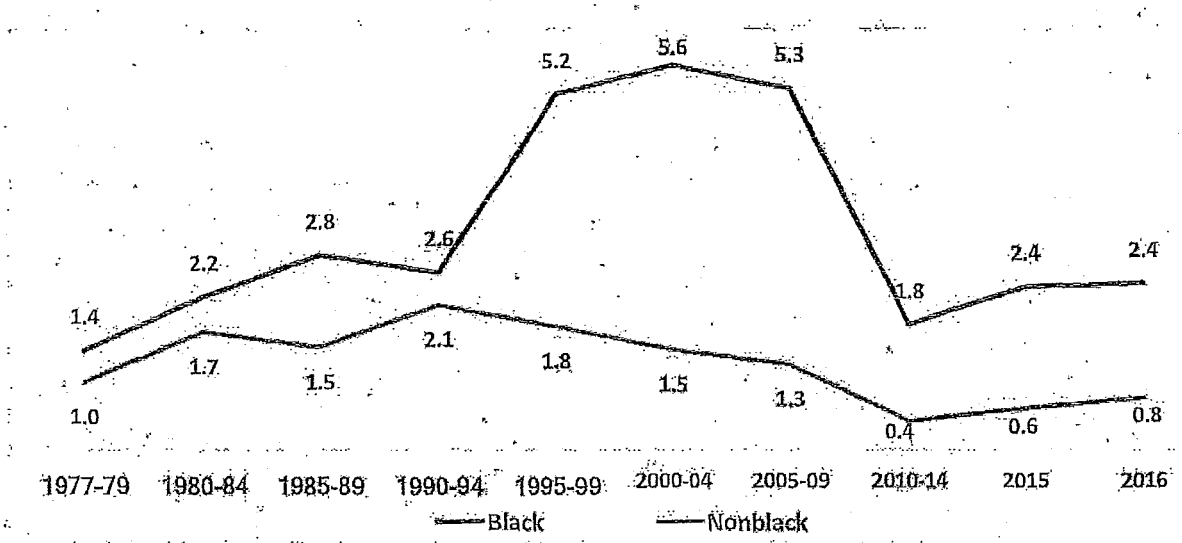
Figures for drug mortality by county, race, ethnicity, gender, and age are from the Centers for Disease Control's (CDC) (2017) mortality files for 2000-15. Included are all deaths that involved residents of San Francisco.

Analysis

San Francisco drug felony enforcement, 1977-present

San Francisco's policing of drug felonies (manufacture, sale, and large-quantity drug possession) falls into three distinct periods of interest: the late 1980s, the 1990-2009 period, and the post-2009 period. The city's drug law enforcement displayed significant fluctuations, primarily involving African American arrest rates, including sudden eruptions in drug arrests that characterized both of these periods.

Figure 2. Ratio of San Francisco felony drug arrest rates by race vs. respective demographics in California, 1977-2016



Sources: DOJ (2017); DRU (2017).

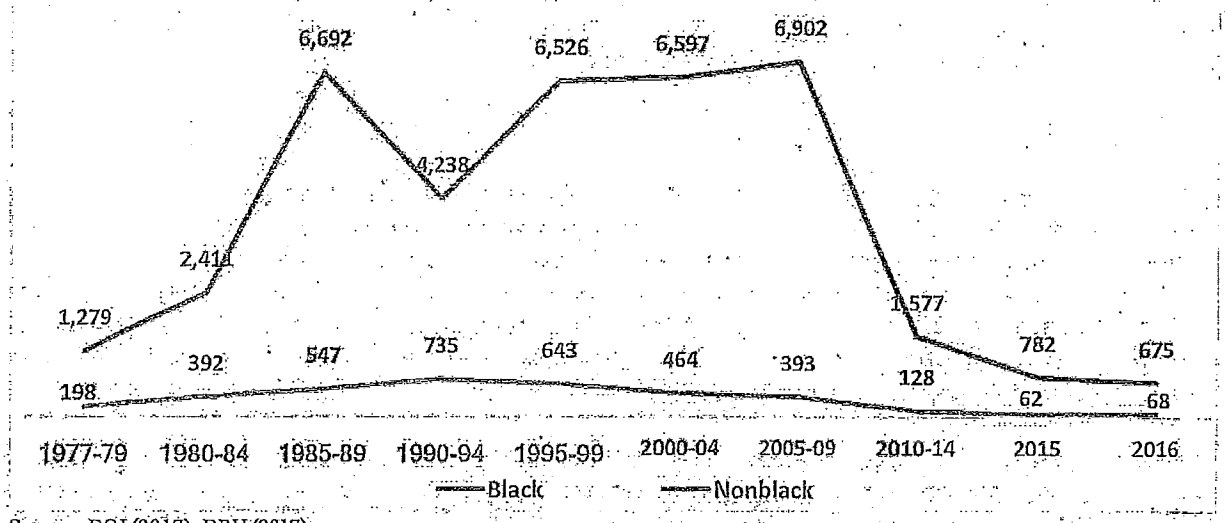
The 1977-1990's period

From 1980 to the mid-1990s, San Francisco's racial patterns in enforcement of drug laws roughly resembled those statewide. While the city's African Americans had considerably higher rates of drug felony arrest than African-Americans elsewhere in California, so did the city's other racial categories (Figure 2). Much like African Americans statewide, those in San Francisco were 4 to 5 times more likely to be arrested for drug felonies prior to the mid-1990s than their proportions of the total population would predict (DOJ, 2017; DRU, 2017). Thus, while evidencing troubling racial disparities, San Francisco's drug law enforcement arrests by race were in the range of other major cities and patterns statewide, ones that also affected, to a much lesser degree, San Franciscans of other races.

The 1990-2009 period

These patterns changed suddenly and radically after the early 1990s. From the early to the late 1990s, the rate of San Franciscan African American drug felony arrests rose by 54% as that of other races fell by 12% (Figure 2). Over the next decade, the rate of drug felonies among San Francisco African Americans continued to rise to a peak in 2009 even as they plummeted among other races in the city.

Figure 3. San Francisco felony drug arrests by race, per 100,000 population, annual averages, 1977-2016



Sources: DOJ (2017); DRU (2017).

San Francisco's explosion in drug felony arrests of African Americans during the 1995-2009 period did not occur elsewhere in the state. From 2.6 times the state average in the early 1990s, San Francisco's African American drug felony arrest rate abruptly rose to 5.1 times higher by the late 1990s and **7.6 times higher by 2009**. Even as the city's African American population declined precipitously from 88,000 (11% of the city's population) in 1990 to 48,000 (6%) in 2010, the proportion of African American felony drug arrestees in San Francisco rose from around 45% in the 1990s to 55% in the 2000s, with little variation over the decade.

While the city's African American drug felony totals had risen (by around 500 in annual arrests) from the 1990s through 2009, those for other measured racial categories declined (by about 1,500 arrests) (DOJ, 2017). In fact, the city's non-African American residents displayed significant reductions in drug felony rates during the period, which declined even faster than for non-African Americans statewide. While non-African American San Franciscans were twice as likely to be arrested as their statewide counterparts in the early 1990s, by 2009, they were 1.6 times more arrest prone.

When the city conducted a periodic crackdown on drugs, arrest increases nearly always focused wholly or overwhelmingly on African Americans—a pattern not found elsewhere in the state. CJCJ has been unable to find an empirical basis for this sharp increase in arrests of African Americans in the city. If city law enforcement authorities were responding to a generalized drug abuse crisis, arrests of other races should have risen sharply as well – particularly for whites. The unique explosion in arrests of San Francisco African Americans for drugs in the 1995-2009 period compared to residents of other races and compared to African Americans elsewhere in California stems from imperatives and/or policies so far unexplained.

The 2010-2016 period

Drug arrests fell sharply for all races in San Francisco from 2010 through 2016 (Figure 3). From their 2008 peak, drug felony rates fell 92% among African Americans and by 84% among non-black races in the city (DOJ, 2017). These declines were much larger than occurred elsewhere in California (79% for

African Americans, 68% for other races). As a result, the ratio of black arrests in San Francisco to those of blacks statewide fell from over 5-1 in 2009 to 2.4-to-1 by 2016. However, San Francisco African Americans remained 10 times more likely than non-blacks in the city to be arrested for drug felonies in 2016, down from 19 times in 2009 but still a substantial disparity.

Drug Mortality

Who abuses drugs in San Francisco? This is a more relevant question than simply who uses drugs, given San Francisco's de-emphasis on policing mere drug possession (note the city's generally low level of misdemeanor drug arrests, shown in Tables 3 and 4 below. It is also more difficult to determine, since drug "abuse" is an expansive term that is not coextensive with mere drug "use" as measured on self-reporting surveys. In fact, surveys, which tend to be dominated by high rates of use of milder drugs such as marijuana, are notoriously inaccurate measures of drug abuse, which tends to involve more rarely-used addictive and lethal drug, polydrug, and drug/alcohol use.

Although dying from overdose or organic failure due to abusing illicit drugs is a limited measure of drug abuse, it is an appropriate and accessible index that is reasonably and consistently applied across demographic groups and over time. **Of the more than 1,000 San Francisco residents and nonresidents in the city who have died from abuse of illicit drugs (a large majority of these from poisoning by overdose) in the five-year period from 2011 through 2015, 57% were non-Latino Whites, and 22% were African American, and more than two-thirds were age 45 and older** (Table 1).

Table 1. Illicit drug-abuse death rates per 100,000 population by race/ethnicity and age, 2010-2015 (6-year rates)

Age	All races	White	Latino	African American	Asian	All other	N
<15	1.9	3.5	0.0	4.8	0.5	157.0	11
15-24	4.4	10.1	2.7	0.0	1.0	52.1	23
25-34	8.1	9.9	6.9	22.1	3.1	61.8	90
35-44	24.2	32.7	18.1	69.4	7.1	38.6	197
45-54	40.3	51.1	31.2	139.5	8.1	426.6	276
55-64	52.0	65.9	42.0	201.3	8.9	871.7	316
65+	16.2	20.0	1.5	84.2	3.6	280.9	114
Total	20.5	27.0	12.4	76.0	4.7	248.4	1,027
N	1,027	583	95	227	84	38	

Source: CDC (2017).

The city's lethal-drug abusing population differs from its drug arrestee population in several respects. African Americans do have the highest rates of drug abuse mortality, though not among its teenagers and young adults. The second highest mortality rate is found among non-Latino Whites. If drug deaths predicted drug arrest rates, African Americans would constitute 22% (not 42%) of the city's drug arrests—still highly disproportionate to their population (6%) but at least reflective of drug abusing proportions by race. Below is a more in depth review of San Francisco's most complete and recent drug arrest data, distinguishing distinct trends in San Francisco's policing.

If drug deaths predicted drug arrest rates, African Americans would constitute 22% (not 42%) of the city's drug arrests.

practices.

Youth Drug Felonies, 2009-2016

San Francisco's drug arrest situation among youths changed so dramatically from 2009 to 2016 that few racial conclusions can be drawn now. In 2009, a San Francisco African American youth was 9 times more likely, and an Hispanic youth nearly 4 times more likely, to be arrested for drugs than their respective African American and Hispanic counterparts statewide (DOJ, 2017; DRU, 2017). Though less than 9% of the city's youth population in 2009, African Americans then comprised 56% of San Francisco's juvenile drug felony arrests. Latinos showed a smaller but still disproportionate felony drug arrest rate. Further, San Francisco female youth were 6 times more likely to be arrested for drug felonies than female youth elsewhere in California; male youth, 2.5 times more likely. The city's African American female youth accounted for over 40% of the felony drug arrests of African American female youths in California in 2009 and had arrest rates 50 times higher than their counterparts in other counties.

San Francisco's drug arrests among youth of all races have fallen dramatically since 2009.

Table 2. Juvenile felony drug arrests per 100,000 population age 10-17, San Francisco v. rest of California, 2016 v 2009[3]

	Male				Female			
Felony drug Arrest rate	African American	White	Hispanic	Asian	African American	White	Hispanic	Asian
2009								
San Francisco	2,531.6	237.9	915.1	92.7	2,419.4	69.3	20.8	38.4
California outside SF	486.6	200.6	211.0	120.8	48.1	61.9	29.9	19.4
Ratio, San Francisco's drug felony rate versus rest of California	5.2	1.2	4.3	0.8	50.3	1.1	0.7	2.0
2016								
San Francisco	76.8	19.4	63.4	25.6	0.0	0.0	62.3	0.0
California outside SF	90.4	38.1	66.9	29.5	11.2	12.2	10.9	4.2
Ratio, San Francisco's drug felony rate versus rest of California	0.8	0.5	0.9	0.9	0.0	0.0	5.7	0.0

Sources: SFJPD (2017); DOJ (2017); DRU (2017).

Table 2 compares the very different picture for San Francisco's (and California's) youth drug arrests in 2016 with 2009. In just seven years, a series of reforms downgrading several drug offenses from felonies to misdemeanors and decriminalizing (for all ages), then legalizing (for those 21 and older) marijuana, and a general decline in youth crime all have contributed to massive drops in youthful drug arrests among both sexes and all races, especially in San Francisco. Even the high rate among Latina females is produced by just four arrests in the city in 2016, while all other race/sex categories now show lower rates of drug arrests than corresponding groups statewide – a situation very unlike the pre-2010 era.

Finally, the very large drop in San Francisco's (and California's) youthful drug arrests, including the virtual disappearance of drug misdemeanors, appears to have had **none of the consequences drug-war**

[3] San Francisco's 2009 juvenile probation report's detailed table on duplicated petitions can be used to estimate drug arrests by race/ethnicity and gender for drug felonies, but not for drug misdemeanors, which are too few to provide a reliable basis.

proponents feared. Drug abuse, gun killings, violence, other crimes, suicide, school dropout, unplanned pregnancy, and related ills generally have continued to decline in the post-2009 period through 2015-16, indicating that arresting and incarcerating youths for drug offenses is not necessary for their well-being or public safety (CJCJ, 2014).

Adult Drug Felonies, 2009-2016

San Francisco African Americans in 2016 experienced felony drug arrest rates 2.4 times higher than African Americans in other areas of California.

The picture for adult drug arrest rates in San Francisco is considerably different than for youths. In 2009, a number equal to roughly **10% of San Francisco's African American population between the ages of 10-69**[4] **was arrested for drug felonies** (DOJ, 2017; DRU, 2017). This was 19 times higher than the rate of drug felony arrests for all other races combined in the city. In addition, San Francisco African Americans experienced felony drug arrest rates nearly 8 times higher than African Americans in other areas of California (Figure 2). These trends were also found in misdemeanor (low-quantity possession) offenses, and all drug offenses, although to varying degrees.

In 2016, San Francisco African Americans experienced felony drug arrest rates 10 times higher than nonblacks in the city, and 2.4 times those of African Americans elsewhere in California. With 2.1% of the state's African American adult population, San Francisco arrests 4.9% of California's African American adult drug felons – disproportionate, but much less so than the 14.6% registered in 2009. Nonblacks in the city have drug arrest rates comparable to nonblacks in the rest of the state.

Misdemeanor Drug Arrests

In contrast to its high rate of felony drug policing—albeit with large racial discrepancies—San Francisco generally de-emphasizes arrests for drug misdemeanors (low-quantity possession). In addition, law changes since 2010 have demoted several drug felonies to misdemeanors. Drug felonies and misdemeanors occasion arrests in virtually equal numbers elsewhere in California, but San Francisco law enforcement charges three times more drug arrestees with felonies than with misdemeanors.

In 2016, **the city's rate of arrests for simple possession was 66% below the state average for juveniles** (Table 3). However, though arrest rates have fallen substantially, the city's African American youth are arrested for possession at levels similar to those of African American youth in other counties. The drug arrest rate for San Francisco juvenile females declined particularly sharply, though it should be noted that the city's rates and trends are based on very small numbers.

[4] This does not mean 10% of the city's African American population was arrested that year; some individuals were arrested more than once, and some were not San Francisco residents, offset by San Franciscans arrested in other jurisdictions.

Table 3. SF youth misdemeanor drug arrest rate, per 100,000 population age 10-17, by race, sex, v. California, 2009

Misdemeanor Drug Arrest rate	Total	African-American	All other races	Male	Female
2009					
San Francisco	130.0	567.0	87.5	219.5	37.2
California outside SF	389.7	571.5	376.7	640.4	125.8
Ratio, San Francisco arrest rate vs. rest of CA	0.33	0.99	0.23	0.34	0.30
2016					
San Francisco	42.3	168.7	64.5	71.9	12.2
California outside SF	123.3	273.9	172.5	178.0	66.2
Ratio, San Francisco arrest rate vs. rest of CA	0.34	0.62	0.37	0.40	0.18

Sources: DOJ (2017); DRU (2017).

Drug Arrest Trends by Race and Drug Type

Between 1980 and 2009, the disparity between San Francisco African American arrests and all other races in the city for all types of drug offenses increased sharply (Table 4). This disparity widened the most dramatically from 1995 to 2009, with general declines in drug-related arrests of other races, and increases in drug-related arrests of African Americans. For the largest and most racially disparate drug arrest category, narcotic felonies, African Americans were 6.4 times more likely than non-African Americans to be arrested in 1980, 10.3 times more likely in 1995, and a staggering 27.5 times more likely in 2009.

Table 4. Ratio, San Francisco African American drug arrest rate v. all other races drug arrest rate, 1980-2015

Ratio, African American versus all other races, drug arrest rates					Change in ratio	
Type of drug offense	1980	1995	2009	2015	1980-2009	2009-2015
All drug arrests	4.5	7.6	16.9	14.6	+276%	-14%
All drug felonies	5.7	7.7	19.3	12.6	+239%	-35%
Narcotics	6.4	10.3	27.5	13.4	+330%	-51%
Marijuana	5.3	3.8	9.6	21.1	+81%	+120%
Dangerous/other drugs	5.7	2.5	5.6	7.6	-2%	+36%
All drug misdemeanors	3.0	6.9	11.2	17.1	+273%	+53%
Marijuana	3.3	5.1	9.7	11.6	+194%	+20%
Dangerous/other drugs	2.8	8.5	11.7	17.4	+318%	+49%

Sources: DOJ (2017); DRU (2017).

In 2009, African Americans accounted for just 6% of San Francisco's population, but 63% of narcotics felony arrests. The African American arrest volume for narcotics (3,169) then was equivalent to 1 in 12 of the city's African American population age 10 and older (39,400). Other drug offenses, both felony and misdemeanor, showed similar if less extreme disparities and trends, but in no case did the black-v.-other races drug arrest rate disparity fall below 550% by 2009.

Over the next six years (2015 is the most recent year for detailed statistics), the rate of drug arrests fell sharply (by 85% or more) for all races. The disproportionate drug arrest rate for African Americans fell from 16.9 to 14.6 for all drugs, and from 27.5 to 13.4 for narcotics. The decrease in black disproportionality was due to the larger reduction in black than nonblack drug felony arrests; drug misdemeanors declined more for non-black races. The result was that the disproportionate level of black drug arrests rose substantially for misdemeanors over the 2009-2015 period.

Discussion: Drug Policy Reform in San Francisco

Defining and Applying an International Human Rights Framework

The Global Commission on Drug Policy[5] formed in 2011 in an attempt to provoke scientific, evidence based reform to the global drug war. Their first report (2011, pg. 2) begins with the admission: "The global war on drugs has failed, with devastating consequences for individuals and societies around the world. Fifty years after the initiation of the U.N. Single Convention on Narcotic Drugs, and 40 years after President Nixon launched the U.S. government's war on drugs, fundamental reforms in national and global drug control policies are urgently needed." The Commission's mission is to research and propose such fundamental reforms, arguing that "drug policies must be based on human rights and public health principles" (Global Commission on Drug Policy, 2011, pg. 5). It is worth taking a moment here to examine how human rights principles might guide domestic policy.

Generally speaking, international human rights apply to U.S. policy and governance in two ways:

(1) Legally: Through binding international treaty law, based on U.S. ratification of human rights instruments; and customary law, based on collective, long-standing respect for certain fundamental human rights.

(2) Ethically: As a set of international standards defined by human rights instruments and declarations, informed by the experience, research, and recommendations of human rights scholars, NGOs, international legal experts, and U.N. oversight bodies working to implement human rights practices in the U.S.

Following World War II, the U.S. played a leading role in the development of the United Nations Charter and the Universal Declaration of Human Rights [UDHR]. By the end of the 20th century the U.S. had helped to author the International Criminal Court [ICC], and signed every major international human rights instrument. However, to date, the U.S. has only *ratified*[6] the Convention Against Torture [CAT], the International Convention on the Elimination of All Forms of Racial Discrimination [ICERD], and the International Covenant on Civil and Political Rights [ICCPR].

Despite the legal ambiguities that result from U.S. reservations in the ratification of international human rights instruments,[7] human rights discourse is far from irrelevant when it comes to foreign and domestic U.S. policy. For example, recent U.S. Supreme Court decisions referenced international human rights laws and practices to rule that people who commit crimes as minors should not be subject to the death

[5] It should be noted that the Commission is by no means a radical organization. It is composed of former heads of state, former U.N. Secretary General Kofi Annan, former Chair of the U.S. Federal Reserve Paul Volcker, elites from the international business community, as well as researchers, diplomats, and policy experts. Find more on the Commission here: https://www.globalcommissionondrugs.org/about-usmission-and-history/.

[6] Human rights instruments enter into force as legally binding treaties at the point of ratification. Upon ratification, state parties must "respect, protect, and fulfill" their obligations according to the instrument.

[7] "Reservations" refer to the legal exceptions and specifications that state parties may submit as conditions of ratification. The most common and notorious reservation applied by the U.S. is that the instrument is "not self-executing"—meaning that the instrument would only apply as determined by U.S. courts and Congress.

penalty or life without the possibility of parole. This reveals how international human rights norms and practices can inform the interpretation of domestic laws and regulations, and can provide a common reference point to evaluate and inform local practices.

Human rights offer a powerful, universal framework that provides a standard for government agencies and authorities to evaluate existing laws and policies and to develop programs that advance and strengthen human rights in local communities and institutions. Many strategies for implementing human rights practices in the U.S. are based on the ratification and recognition of human rights instruments as the benchmark for local government policy and practices.

Non-Discrimination and Equal Protection Under the Law

As noted at the beginning of this section, the Global Commission on Drug Policy has since 2011 advocated for the application of a human rights framework to guide policy alternatives to the dominant global policy model of aggressive, coercive criminal prohibition. A fundamental principle of all human rights instruments is that of "non-discrimination" that undergirds the notion of human universality and centrally defines civil and political human (ICCPR Articles 14 and 26) and Constitutional (14th Amendment) rights to equal protection under the law.

This report and its predecessors (CJCJ, 2002, 2004, 2004a, 2005, 2012) have so far illustrated the persistence of racially disparate drug arrest patterns in San Francisco, particularly acute for African American communities. U.S. agencies and courts have self-imposed limitations as to what constitutes "racism" or "racial discrimination" such that it is difficult if not impossible to address racial inequality in the contemporary era through Constitutional case law. As Alexander (2010, p. 113) summarizes,

> In the years following *McCleskey* [*v. Kemp*], lower courts consistently rejected claims of race discrimination in the criminal justice system, finding that gross racial disparities do not merit strict scrutiny in the absence of evidence of explicit race discrimination—the very evidence unavailable in the era of colorblindness.

Generally speaking, charges of racial discrimination directed at public authorities in the United States require some proof of conscious racial animus. Case history suggests that this is particularly true for any attempt to address racial disparities in policing or sentencing. However, no such burden of proof is required to legitimate claims of racial discrimination under formal human rights instruments incorporated into international law.

The United States signed (1965) and ratified (1994) the International Convention on the Elimination of Racial Discrimination (ICERD) and has not evidenced the best compliance record since. This in part results from the differences in how "racial discrimination" is defined under international and federal (U.S.) law and in the apparent problems in getting the U.S. government to "protect, respect and fulfill" its legal obligations according to human rights instruments. Policy researchers Fellner and Mauer (1998, p. 22) pointed out these legal differences twenty years ago:

> ICERD wisely does not impose the requirement of discriminatory intent for a finding of discrimination. It requires states' parties to eliminate laws or practices which may be race-neutral on their face but which have "the purpose or effect" of restricting rights on the

> basis of race. Regardless therefore, of whether they were enacted with racial animus...they unnecessarily and unjustifiably create significant racial disparities in the curtailment of an important right.

The conceptualization of racial discrimination and the legal measures of non-discrimination and equal protection under the law articulated by the ICERD[8] demonstrate the unique characteristic of a human rights framework here: that discrimination is to be measured by disparate outcomes and impact rather than proven intent. Further, the city of San Francisco has proactively adopted the practical, results-based international definition and has established its own Human Rights Commission to defend human rights within city limits.

A human rights framework would demand that cities like San Francisco pay particular attention to addressing the persistence of racial disparities as drug policy alternatives and their implications emerge. As we see from this report, the city failed to address its highly discriminatory record of racialized policing prior to 2010, and though drug arrests have been reduced dramatically in San Francisco across the board, African Americans still find themselves systematically targeted for drug arrests at a disproportionate rate of approximately 10 to 1.

Shift from Criminal Justice to Public Health

One overarching theme in the international global drug policy reform movement has been to define and address problematic forms of drug use (addiction, overdose death, etc.) through the prism of public health rather than criminal justice. The international human rights community has been relatively consistent on this issue for over 20 years, pointing to the systematic violation of drug users' fundamental human rights to life (ICCPR Article 6), equal protection under the law (ICCPR Articles 14 and 26), protection against arbitrary arrest, detention, or exile (ICCPR Article 9), health (ICESCR 12), and humane treatment when deprived of liberty (ICCPR Article 10) under aggressive criminal prohibition. As pointed out by former High Commissioner for Human Rights, Navi Pillay (2009), "Individuals who use drugs do not forfeit their human rights." A human rights framework recognizes the tendency for the criminalization of drug users to result in the derogation of their human and Constitutional rights.

International human rights frameworks also tend to be grounded in research, encouraging the development of effective solutions based in demonstrated best practices rather than political interest or expediency. The Global Commission on Drug Policy (2011, p. 6) illustrates this tendency in their definition of drug addiction as a social problem:

> In reality, drug dependence is a complex health condition that has a mixture of causes—social, psychological and physical (including, for example, harsh living conditions, or a history of personal trauma or emotional problems). Trying to manage this complex condition through punishment is ineffective—much greater success can be achieved by providing a range of evidence-based drug treatment services. Countries that have treated citizens dependent on drugs as patients in need of treatment, instead of criminals deserving punishment, have demonstrated extremely positive results in crime reduction, health improvement, and overcoming dependence.

[8] See specifically ICERD General Recommendation XIV (42), Article 1, paragraph 1.

Countries that have recently embraced a public health approach include Portugal.[9] In 2001 as the U.S. hardened its drug war stance at home in conjunction with the building of a new police and surveillance state post-9/11, Portugal went in the opposite direction, decriminalizing nearly all forms of drug use and devoting resources to outreach and treatment for drug users. As a result (Kristof, 2017):

- Overdose death in Portugal sank 85% since drug policy reform, and now has the lowest rate in Western Europe and about one fifteenth that of the U.S., where overdose death has been on the rise in part due to the persistent opioid epidemic.
- The Portuguese Health Ministry estimates regular heroin users at 25,000, down 75% since implementing drug policy reform.
- Portuguese harm reduction programs (such as needle exchanges) helped to bring drug related HIV cases down 90% since their height in 1999 when Portugal had the highest rate of drug related infection in Europe.
- Portugal illustrates the cost efficiency of treatment over incarceration for drug use. Portugal's drug programs cost approximately $10 per citizen annually, while the U.S. has spent over $1 trillion (about $10k per American household) on criminal prohibition.

Even though the advantages of public health approaches are uncontroversial in the research community, criminal prohibition persists in places like the U.S. and the Philippines where "tough on drugs/crime" discourses continue to dominate politics. Legal experts have explicitly argued for California to "pave the way for progressive U.S. drug reform" (Whitelaw, 2017, p. 83) and adopt the Portuguese model. In cities like San Francisco, shifts in policing, drug policy reform (including the legalization of cannabis), and a dedication to international human rights standards present opportunities to realize a shift from failed criminal prohibition to more effective and cost efficient forms of drug treatment, harm reduction, and community investment to address problematic forms of drug use. While decriminalization is an obligatory first step in such a transition; legal, regulated drug markets provide additional resources for public health and drug war alternatives through savings in law enforcement costs and increased public revenues from licensing and regulated sales (Global Commission on Drug Policy, 2016).

Legalization and Sustainable Development

One of the most useful features of a human rights framework as it applies to drug policy reform is an emphasis on producing desired *outcomes*—"less crime, better health, and more economic and social development"—rather than exclusively focusing on *process* or procedural justice in determining whether or not actions are taken according to the law (Global Commission on Drug Policy 2011, pg. 5). In this sense, the international human rights community and the Global Commission on Drug Policy see benefits to legalization beyond the potential pivot from criminal justice to public health solutions, or the potential to undercut organized criminal activity in the illicit market. Indeed, curbing drug related violence and corruption is extraordinarily important for realizing human rights practice and a sense of justice for communities most deeply affected by the failed drug war. The illicit drug trade still represents the largest global source of revenue for organized crime (Global Commission on Drug Policy, 2016; McFarland Sánchez-Moreno, 2015). But legalization presents an opportunity to do more than simply reduce the flow

[9] For thorough reporting and analysis on Portugal's drug policy reforms, see: Greenwald, G. (2009). Drug decriminalization in Portugal: Lessons for creating fair and successful drug policies. *The CATO Institute*. Retrieved on 09/29/17 from https://www.cato.org/publications/white-paper/drug-decriminalization-portugal-lessons-creating-fair-successful-drug-policies.

of arrests or illegal contraband. It provides a new resource environment to address the structured inequalities resulting from and exacerbated by the failed war on drugs.

In its 2016 report, the Global Commission on Drug Policy takes special care to call for nations to go beyond decriminalization to create legal, regulated markets designed according to U.N. Sustainable Development Goals [SDG].[10] That is, legal markets should be designed in order create solutions to related social problems, specifically including systemic poverty, structured inequality (along lines of race and gender in particular), and the need for economically and ecologically sustainable cities/communities. The Commission encourages legalization models where the benefits "must apply to every individual, including people who use drugs (Global Commission on Drug Policy, 2016, p. 27). Put simply, a human rights framework suggests that legal markets and drug policy alternatives should be designed in order to serve and re-invest in the communities and individuals systematically disenfranchised by 50 years of aggressive criminal prohibition.

Noted in previous reports (CJCJ, 2002, 2004, 2004a, 2005, 2012) and established in at least 40 years of critical criminological research,[11] the most disastrous effects of the drug war—including vastly disparate enforcement/sanction, punitive sentencing, civil penalties, subjection to drug abuse/addiction (and associated threats to public health), subjection to drug related violence, loss of property value/community degradation, loss of educational/employment opportunities, and geographic dislocation—have been shouldered by the poor and people of color, African American and Latinx populations in particular. As we have attempted to point out in San Francisco, African Americans and to a lesser extent (with the recent trend in youth arrests as an exception) Latinx residents have been the most aggressively policed, arrested, and sanctioned for a drug addiction and overdose death epidemic dominated by middle-age "non-Latino whites" (CJCJ 2012). In addition, African American girls and young women were until recently targeted for criminal law enforcement at staggering rates in San Francisco, suggesting their paying of a heavy price for failed enforcement policies in comparison to all other demographic groups in the city.

Being targeted for drug arrest and sanction can result in any number of short and long term effects on individuals targeted, as well as their families and communities. The Global Commission on Drug Policy (2016, p. 17; see also Chin, 2002, pgs. 260-265) also recognize that,

> In the US, for example, felony convictions for drugs, which include possession of certain substances, can lead to: exclusion from juries; voter disenfranchisement in a number of states; eviction or exclusion from public housing; refusal of financial aid for higher education; revocation or suspension of a driver's license; deportation and in some cases permanent separation from their families of those considered "non-citizens;" exclusion from certain jobs, and denial of welfare.

In addition, studies of San Francisco and other "progressive" U.S. cities demonstrate historical and contemporary connections between racially disparate drug law enforcement (and additional forms of "order maintenance" policing) and politics of space—including gentrification (Lynch, M., M. Omori, A. Roussell, and M. Valasik, 2013). The systematic targeting of working class people of color for drug arrests in one of the most brutally expensive housing markets in the country serves as a structural barrier

[10] See the U.N. Sustainable Development Goals from 2015 here: http://www.un.org/sustainabledevelopment/sustainable-development-goals/.

[11] For illustrations see: Ostertag and Armaline, 2011; Johnson and Bennett, 2016; Jensen, Gerber and Mosher, 2004.

to the sustainability of working class communities of color in the city. The impacts of criminal prohibition should be understood beyond the individual to encompass effects on communities and the broader racial politics of place in San Francisco.

A human rights framework suggests that the resources, opportunities, and cost savings made available through legal, regulated markets—like the legal cannabis market emergent in California—be re-invested in the individuals and communities most impacted by the legacies of a failed drug war. From research, we know that these tend to be poor communities of color—African Americans and Latinx populations in particular, with a special focus on African American women and girls. Research on the effects of the drug war and on international best practices for reform suggest that the new resource environment created via cannabis and other forms of legalization in cities like San Francisco should be employed to address the poverty, unemployment, housing instability, mental/physical health problems, and geographic displacement of these heavily impacted individuals and communities.

Conclusion

In recent decades, as San Francisco's population has grown and become somewhat older and wealthier, the city's African American population has declined sharply and become poorer and more concentrated in isolated districts. One anecdotal explanation for the racial disparities has been the ease of frequent and multiple arrests of drug dealers in open-air markets in the poorer areas of the city as opposed to the more difficult task of policing the larger, more discreet drug supply networks serving affluent areas.

By CJCJ's repeated analyses during the 2000s, San Francisco authorities have not responded to apparent, serious and uniquely extreme racial disparities in policing of drug offenses and have not provided rational explanation for the disparities or policies to ameliorate them. Nor have authorities explained why the city's drug policing, already racially discriminatory, became radically more so from the early 1990s to around 2009. If objective criminal justice goals and standards to justify San Francisco's arrest trends exist, then local authorities would seem obligated to provide detailed explanation. In particular, what changed in the 1990s, and only in San Francisco, to dramatically boost the fixation on African Americans as the city's drug criminals?

The analysis suggests that prior to 2010, the San Francisco Police Department might have been re-arresting the same African-Americans over and over, then releasing the large majority, and re-arresting them again within a short period of time. The overall result of this policy was to combine the worst of both worlds: injustice and ineffectuality. Corralling African American drug dealers produced impressive arrest numbers but was not effective policy to prevent drug abuse. San Francisco's already excessive drug overdose/abuse death rate continued to climb through 2009, though in fairness, drug tolls have been rising elsewhere in the state and nation as well. Moreover, while it may have partitioned drug marketing violence to certain areas of the city, levels of violence in those areas remain concentrated and high. The policy did appear effective at creating a multiple-felony population with no employment prospects and significant challenges and barriers to success in the community. These barriers arose even though San Francisco sent drug offenders to state prison at a rate less than half the state average.

Whatever its underlying imperatives, the city's drug arrest policy prior to recent reforms has yielded to a dramatic new situation after reforms ameliorated drug policing in major ways from 2010 to the present. Drug arrests have fallen so dramatically that an African American in San Francisco is now less likely to

be arrested for drugs than a non-black resident was 10 years ago. However, despite the impressive reduction of 90% or more in the impact of drug arrests on local communities since 2009, reform has not much reduced the racial disparities in drug policing. African Americans are still 15 times more likely to be arrested for a felony or misdemeanor drug offense in San Francisco than other races, and neither the proportions of blacks in the city's population (6%) or drug mortality toll (22%) even begins to justify such a huge disparity.

Whether intentional or not, such consistent disparities in drug war policing in San Francisco should be viewed as a human rights violation. As noted previously, formal human rights discourse defines racial discrimination not in terms of overt, conscious racial animus, but in terms of its evident effects. The city is subject to national, state, and local requirements to enforce laws in a non-discriminatory fashion and is signatory to international human rights accords imposing even stricter non-discrimination standards. San Francisco's ongoing, extreme racial disparities in drug law enforcement and authorities' paralysis in addressing them conflict with the city's commitment to the egalitarian ideals it champions. Further, an international human rights framework provides specific guidance on how cities like San Francisco can go beyond halting racially disparate and largely ineffective criminal justice models to models focusing on public health and sustainable community re-investment.

In light of these observations, we respectfully recommend the San Francisco Board of Supervisors:

1. **Initiate a multi-agency investigation into San Francisco's policing policies and practices to explore policy decisions that contribute to these trends.**

2. **Require the San Francisco Police Department and all other arresting agencies to conform to state standards observed by all other agencies in California in reporting arrests by race and Latinx ethnicity and by specific offense rather than classifying excessive arrest numbers as "other" offenses.**

3. **Develop and adopt a concrete plan to address these racial discrepancies in San Francisco's drug arrest practices, monitored through periodic, results-based evaluations.**

4. **Reaffirm San Francisco's commitment to upholding its obligations under the International Convention to End Racial Discrimination (ICERD) and the anti-discriminatory clause of the International Covenant on Civil and Political Rights (ICCPR).**

5. **Assess the trends in drug abuse, drug related crime, and other drug-related health and safety issues in San Francisco by demographic and other variables.**

6. **Include a robust "Equity Platform" in the design of Adult Use of Marijuana [AUM] regulations such that opportunities, savings, and revenue from the legal cannabis market serve to benefit those systematically criminalized and impacted by the drug war in San Francisco: working class people of color, African American women in particular.**

References

Alexander, M. (2010). *The New Jim Crow*. New York, NY: The New Press.

American Civil Liberties Union of Northern California. (2002). San Francisco Police Department Fails to Address Racial Profiling - Rampant Underreporting of Stops and Searches. October 7, 2002. At: http://www.aclunc.org/news/press_releases/san_francisco_police_department_fails_to_address_racial_profiling_-_rampant_underreporting_of_stops_and_searches.shtml?ht=

Bureau of the Census. (2012). 2010 Census Data. Washington, DC: US Department of Commerce. At: http://2010.census.gov/2010census/data/

Centers for Disease Control's (CDC) (2017). WONDER Compressed Mortality File, 2000-2015. At: https://wonder.cdc.gov/mortsql.html

Center on Juvenile and Criminal Justice (CJCJ) (2002). Letter of San Francisco Commission on the Status of Women, Mike Males, Center on Juvenile and Criminal Justice.

Chin, G.J. (2002). Race, The War on Drugs, and the Collateral Consequences of Criminal Conviction. *The Journal of Gender, Race & Justice* 2002(6): 255-262.

CJCJ (2004). Testimony to San Francisco Board of Supervisors on Disproportionate Arrest/Confinement of African-American Young Women for Drug Offenses. Mike Males, Center on Juvenile and Criminal Justice, July 8, 2004.

CJCJ (2004a). Complaint to Human Rights Commission, Toni Delgado, Secretary. Mike Males, Center on Juvenile and Criminal Justice, January 4, 2004.

CJCJ (2005). San Francisco Black Girls: Mass Criminals, or Mass Targets? Mike Males, Center on Juvenile and Criminal Justice, November 11, 2005.

CJCJ (2014). Reforming marijuana laws: Which approach best reduces the harms of criminalization? At: http://www.cjcj.org/news/8200

California Department of Justice (DOJ) (2017). *California Criminal Justice Profile*, San Francisco County, and Statewide (annual, 1980-2009). Criminal Justice Statistics Center. At: https://oag.ca.gov/cjsc/pubs Open Justice, Arrests. At: https://openjustice.doj.ca.gov/crime-statistics/arrests

Demographic Research Unit (DRU) (2017). Population projections. California Department of Finance. At: http://www.dof.ca.gov/research/demographic/reports/projections/

Fellner & Mauer. (1998). *Losing the Vote: The Impact of Felony Disenfranchisement Laws in the United States*. Washington D.C.: Joint Report from Human Rights Watch and The Sentencing Project. Retrieved on 03/30/12 from http://www.sentencingproject.org/doc/File/FVR/fd_losingthevote.pdf.

Global Commission on Drug Policy. (2011). War on drugs: Report on the global commission on drug policy. Retrieved on 09/25/17 from https://www.globalcommissionondrugs.org/reports/the-war-on-drugs/.

_____. (2016). Advancing drug policy reform: A new approach to decriminalization. Retrieved on 09/25/17 from http://www.globalcommissionondrugs.org/wp-content/uploads/2016/11/GCDP-Report-2016-ENGLISH.pdf.

International Convention to End Racial Discrimination [ICERD], 660 UNTS 195, entered into force Jan. 4, 1969. The United States ratified ICERD on October 21, 1994.

International Covenant on Civil and Political Rights, G.A. res. 2200A (XXI), 21 U.N. GAOR Supp. (No. 16) at 52, U.N. Doc. A/6316 (1966), 999 U.N.T.S. 171, entered into force March 23, 1976, Art. 25. The U.S. ratified the ICCPR on June 8, 1992.

Jensen, E., J. Gerber, and C. Mosher. (2004). Social consequences of the War on Drugs: The legacy of failed policy. *Criminal Justice Policy Review*, 15(1): 100-121.

Johnson, L. & J. Bennett. (2016). Drug markets, violence, and the need to incorporate the role of race. *Sociology Compass*, e12411. DOI: 10.111/soc4.12441.

Kristof, N. (09/22/2017). How to Win a War on Drugs: Portugal treats addiction as a disease, not a crime. *The New York Times*. Retrieved on 09/25/17 from https://www.nytimes.com/2017/09/22/opinion/sunday/portugal-drug-decriminalization.html.

Lynch, M., M. Omori, A. Roussell, & M. Valasik. (2013). Policing the 'progressive' city: The racialized geography of drug law enforcement. *Theoretical Criminology*, 17(3): 335-357.

McFarland Sánchez-Moreno, M. (2015). Winding Down the War on Drugs: Reevaluating Global Drug Policy. *Harvard International Review*, 36 (4). Retrieved on 09/29/17 from http://hir.harvard.edu/winding-down-thewar-on-drugs-reevaluating-global-drug-policy/.

Office of the United Nations High Commissioner for Human Rights. (2009). High Commissioner calls for focus on human rights and harm reduction in international drug policy. Geneva: United Nations. Retrieved on 09/25/17 from http://www.ohchr.org/documents/Press/HC_human_rights_and_harm_reduction_drug_policy.pdf.

Ostertag, S. & W. T. Armaline. (2011). Image isn't everything: Contemporary systemic racism and anti-racism in the age of Obama. *Humanity and Society*, 35(3).

San Francisco Commission and Department on the Status of Women. (2003, 2009). *A Report on Girls in San Francisco*. On file with author. A brief update in March 2009, San Francisco girls: A snapshot report, is at: http://coe.ucsf.edu/coe/ywhc/SF_Girls_Report_Update_030609.pdf

San Francisco Juvenile Probation Department (SFJPD) (2017). Publications and documents, 2016, 2009. At: http://sfgov.org/juvprobation/publications-documents.

Tonry, M. and M. Melewski. (2008). The malign effects of drug and crime control policies on black Americans. *Crime and Justice*, 37(1):1-44.

Whitelaw, M. (2017). A path to peace in the U.S. Drug War: Why California should implement the Portuguese model for drug decriminalization. *Loyola L.A. Int'l & Comp. L. Review*, 40(1): 81-113.

Please note: Each year, every county submits their data to the official statewide databases maintained by appointed governmental bodies. While every effort is made to review data for accuracy, CJCJ cannot be responsible for data reporting errors made at the county level.

About the Authors

Mike A. Males, Ph.D., Senior Research Fellow, Center on Juvenile and Criminal Justice

Mike A. Males is a Senior Research Fellow at the Center on Juvenile and Criminal Justice and content director at www.YouthFacts.org. He has contributed research and writing to numerous CJCJ reports, including the "The Color of Justice, an Analysis of Juvenile Adult Court Transfers in California," "Drug Use and Justice: An Examination of California Drug Policy Enforcement," and "The Impact of California's Three Strikes Law on Crime Rates."

Dr. Males has a Ph.D. in social ecology from U.C. Irvine and formerly taught sociology at U.C. Santa Cruz. With over 12 years of experience working in youth programs, his research interests are focused on youth issues like crime, drug abuse, pregnancy and economics. He is the author of dozens of articles and four books, the latest of which are *Teenage Sex and Pregnancy: Modern Myths, Unsexy Realities* (Praeger, 2010), and *Kids and Guns: How Politicians, Experts, and the Press Fabricate Fear of Youth* (Common Courage Press, 2000). Recent articles and op-eds have appeared in the *New York Times*, *The Los Angeles Times*, *The American Journal of Public Health*, *The Lancet*, *Journal of School Health*, and *Scribner's Encyclopedia of Violence in America*.

William Armaline, Ph.D., Associate Professor, San José State University

Dr. William Armaline is the founder of the Human Rights Minor Program, Director of the emergent Human Rights Institute, and an Associate Professor in the Department of Sociology and Interdisciplinary Social Sciences [SISS] at San José State University. His formal training and professional experience spans sociology, education, and human rights. As an interdisciplinary scholar and public intellectual, Dr. Armaline's interests, applied work, and scholarly publications address social problems as they relate to political economy, environmental sustainability, racism and anti-racist action, critical pedagogy and transformative education, inequality and youth, mass incarceration, and drug policy reform. Follow his work and the SJSU Human Rights Institute and Minor Program on Twitter: @SJSUHumanRights

His recent publications include: (1) W. Armaline. Public education against neoliberal capitalism: Strategies and opportunities. In Shannon, D. and J. Galle (Eds.), *Interdisciplinary Approaches to Pedagogy and Place-Based Education* (2017, Palgrave-Macmillan). (2) W. Armaline, D. Glasberg, and B. Purkayastha. *The Human Rights Enterprise: Political sociology, state power, and social movements* (2015, Polity Press). (3) W. Armaline, C. Vera Sanchez, and M. Correia. "The Biggest Gang in Oakland: Rethinking police legitimacy" (2014, *Contemporary Justice Review*).

SJSU | HUMAN RIGHTS

For more information please contact:

Center on Juvenile and Criminal Justice
40 Boardman Place
San Francisco, CA 94103
(415) 621-5661
cjcjmedia@cjcj.org
www.cjcj.org

www.cjcj.org/blog
facebook.com/CJCJmedia
twitter.com/CJCJmedia

Appendix A

Testimony to San Francisco Board of Supervisors on Disproportionate Arrest/Confinement of African-American Young Women for Drug Offenses

Mike Males, 8 July 2004

The attached charts show the arrest rates of San Francisco African-American juvenile girls ages 10-17 for several offenses compared to African-American girls elsewhere in California, as well as to San Francisco girls of other races. They indicate that **San Francisco has vastly disproportionate arrests of young black women even compared to the rest of the state.**

The figures forming the basis of these calculations are the latest for California and San Francisco from the state Department of Justice's Criminal Justice Statistics Center (*California Criminal Justice Profiles*, at http://caag.state.ca.us/cjsc/) and San Francisco Juvenile Probation Department (annual *Statistics* report). Population figures are from the California Department of Finance's Demographic Research Unit (http://www.dof.ca.gov/HTML/DEMOGRAP/Druhpar.htm).

Excessive black arrest rates are of concern throughout California and the nation. Note that in California outside San Francisco, black girls are 3.5 times more likely to be arrested for felonies, 4.6 times more likely to be arrested for assault, and 1.8 times more likely to be arrested for felony drug offenses than California girls of other races.

Racial arrest discrepancies are stark enough elsewhere. San Francisco's are massively worse. In San Francisco, black girls are 11.4 times more likely to be arrested for felonies, 10.6 times more likely to be arrested for assault, and 18.9 times more likely to be arrested for felony drug offenses than are San Francisco girls of other races.

San Francisco white, Latina, Asian, and other/mixed-race (that is, non-black) girls display a varied, though relatively normal pattern of urban arrests for felonies—about 30% higher than the statewide average for non-black girls, including rates slightly higher for assault, slightly lower for property offenses, 2.8 times higher for drug felonies, and considerably lower for drug misdemeanors.

This is not the case for San Francisco black girls, who display arrest rates 4.3 times higher for felonies, 2.5 times higher for assault, and **29.2 times higher for drug felonies than BLACK girls elsewhere in California.**

Looked at another way, **San Francisco has 1.8% of the state's young black women but accounts for 35.2% of the arrests of young black women for drug felonies, and 7.5% for all felonies, in the state.**

Within the city, **blacks comprise 12.2% of San Francisco's population of girls but comprise 61.4% of San Francisco girls' arrests for felonies, 66.7% for robbery, and 72.3% for drug felonies.**

Blacks account for 57% of total arrests, two-thirds of the felony petitions sustained, and three in five incarcerations of juvenile girls in the city.

San Francisco's pattern forms a gigantic anomaly found nowhere else. While (a) San Francisco boys of all races, (b) San Francisco girls of other races, (c) California black girls, and (d) California boys and girls of all races ALL show declining rates of arrest and imprisonment over the last decade, (e) **San Francisco black girls are the ONLY youth population in the state showing skyrocketing rates of arrest and incarceration.**

Finally, there is no evidence of a serious drug abuse problem among San Francisco black girls that would explain their massively excessive arrest rate. **The city's drug abusing population is mostly white and overwhelmingly over age 30.** The drugs they abuse are exactly the same ones implicated in violence

among drug dealers: heroin, cocaine, methamphetamine, illicit drug combinations, and drugs mixed with alcohol.

In the last seven years (1997 through 2002), federal Drug Abuse Warning Network show 2,260 deaths in the city were directly related to illegal-drug abuse. Of these, 1,486 were whites (66%), and 1,793 (79%) were over age 35. DAWN reports also show a staggering 52,400 San Franciscans treated in hospital emergency rooms for illegal-drug abuse over the last seven years. Of these, 65% were white, and 88% were over age 30.

Meanwhile, **none of the city's drug abuse deaths and fewer than 2% of the city's hospital emergency treatments for drug abuse were younger black women (age 10-24). Emotional anecdotes gracing the city's media aside, there is little evidence of a serious drug abuse problem among younger African Americans in San Francisco, and especially not among young black women.** There has not been a drug overdose death of any kind involving an African-American female under age 25 in San Francisco since 1996 (figures through 2002).

Compared to their contribution to the city's drug abuse problem, young blacks (ages 15-29) are 60 times more likely to be arrested for drugs that whites over age 30.

San Francisco may pride itself on its enlightened policies toward drugs, but in point of fact, this city's drug situation is very disturbing. **This city is failing to address both its massive drug abuse problem among older whites (three times the rate of other cities in California) and its massively excessive drug over-arrest problem of younger black women (29 times the rate elsewhere in California).** I am certainly not suggesting arresting more people of any race for drugs; the city's felony drug arrest rate is already substantially higher than the state's as a whole. I am suggesting a major revision in the way we confront drug abuse and law enforcement in light of San Francisco's extreme discrepancies with regard to race, gender, and age.

Arrests, San Francisco vs. California girls, 2000-02

Arrests per 100,000 population age 10-17
African American girls, 2000-02

Rate	San Francisco	Rest of CA
Felony	6,715	1,546
Assault	1,042	401
Robbery	926	138
Property	1,598	796
Fel drug	2,362	81
Misd drug	93	143
All drug	2,455	224

Arrests, girls of other races

Rate	San Francisco	Rest of CA
Felony	587	440
Assault	98	87
Robbery	64	12
Property	219	244
Fel drug	125	44
Misd drug	35	153
All drug	161	197

SJSU | HUMAN RIGHTS

Arrests, all girls

Rate	San Francisco	Rest of CA
Felony	1,334	525
Assault	213	111
Robbery	169	21
Property	387	287
Fel drug	398	47
Misd drug	42	152
All drug	441	199

Thank you for your consideration.

Mike Males
Sociology Department, 214 College Eight
University of California, Santa Cruz, CA 95064
tel 831-426-7099
email mmales@earthlink.net

Item 040470 will be heard at approximately 10:45 am at the Board of Supervisors, special hearing on the issue of the over-arrest of African American girls in San Francisco. The hearing will be at the City Services Committee meeting on Thursday, July 8 at City Hall. Supervisors Maxwell, Dufty, Alioto-Pier, Ma

Hearing to discuss the juvenile justice system with regard to the arrest and incarceration rates of adolescent girls; to consider the criminal justice programs serving this population, and to consider why the arrest and incarceration rates for young African American women are the highest of any California jurisdiction.

4/13/04, RECEIVED AND ASSIGNED to City Services Committee.
4/20/04, REFERRED TO DEPARTMENT. Referred to Youth Commission for comment and recommendation.
http://www.sfgov.org/site/bdsupvrs_page.asp?id=26009

CJCJ

SJSU | HUMAN RIGHTS

4 January 2004

Commission Secretary
Human Rights Commission
25 Van Ness Avenue, Suite 800
San Francisco, CA 94102-6033
Phone: 415.252.2500
Fax: 415.431.5764
TDD: 800.735.2922
E-mail: hrc.info@sfgov.org

Dear Commissioners:

I am writing to ask for Commission investigation of the excessive arrest and incarceration of African-American juvenile females in San Francisco, specifically for drug offenses. I believe the extreme pattern documented below constitutes age-based, racial and sexual discrimination.

1. San Francisco law enforcement authorities arrest juvenile black females for felony drug offenses at a rate far exceeding that of California as a whole, and comparable California cities.

The 2000 Census shows 3,016 black females ages 10-17 in San Francisco, 2.1% of the state's total population of 146,012 black females ages 10-17.

In 2002, California Criminal Justice Statistics Center (Department of Justice) figures show there were 56 black juvenile females arrested for drug felonies in San Francisco, 35.7% of the 157 black juvenile females arrested for drug felonies in all of California.

At 1,857 per 100,000 population, the arrest rate for black juvenile females in San Francisco is 26 times the rate of arrest of black juvenile girls for drug felonies elsewhere in the state. Nor is 2002 an isolated year. In 2001, San Francisco black girls comprised 69 of the 191 arrests of black girls statewide for drug felonies, also 36% of the total.

San Francisco black girls comprise 12.5% of the 24,119 juvenile females ages 10-17 in San Francisco, but 70% of the arrests of juvenile females for drug felonies and 77% of the petitions sustained for drug felonies (San Francisco Juvenile Probation Department annual report, 2000). The drug felony arrest rate for San Francisco black girls is 15 times the rate for other girls in the city (123.2 per 100,000 population). The drug felony conviction (petition sustained) rate for black girls is 23 times that of other girls in San Francisco.

2. There is no evidence of a drug abuse problem among San Francisco black girls that would justify such a drug arrest and incarceration excess.

In 2001, black juvenile girls comprised none of the city's 104 drug overdose deaths, and 1 of the city's 517 illegal-drug-related hospital emergency treatments--less than one-fifth of 1% of the city's drug abuse total (California Center for Health Statistics, and Epidemiology and Injury Control, Department of Health Services).

3. Every measure of drug abuse shows the city's drug abuse problem, overwhelmingly, is white and over age 30.

In 2001, whites over age 30 comprised 81 of the city's 104 drug overdose deaths, and 302 of the city's 517 illegal-drug-related hospital emergency treatments--60% to 80% of the city's drug abuse total.

Federal Drug Abuse Warning Network figures show the same pattern for all deaths and hospital emergency room treatments (whether accident, suicide, or undetermined) classified as directly related to abuse of illegal drugs. In 2002, persons over age 35 comprised 84%, and whites 64%, of the city's 273 drug abuse fatalities.

Yet despite their overwhelming contribution to San Francisco's drug abuse toll, city whites over age 30 comprise just 19.6% (1,577 of 8,035) of felony arrests for drug offenses, and 24.8% (373 of 1,504) of misdemeanor drug arrests. Meanwhile, blacks under age 30, who account for just 1% of the city's drug abuse deaths, comprise 22.7% (1,827 of 8,035) of felony, and 12.6% (190 of 1,504) of misdemeanor drug offenses.

Whites over age 30 are arrested for drugs at a rate one-third of what their contribution to San Francisco's drug abuse toll would predict, while blacks ages 15-29 are arrested at a rate 22 times higher than their drug abuse proportion would predict. Thus, compared to their level of drug abuse, younger blacks are more than 60 times more likely to be arrested for drugs than older whites.

4. This racial disparity in arrest exists for adult African American women, though not to the extreme extent as for juvenile females.

Comprising 2.7% of the black female population statewide, San Francisco black females comprise the following proportions of arrests for drug felonies of females in their age groups statewide: ages 18-19, 42%; ages 20-29, 34%; ages 30-39, 12%, and ages 40-older, 12%.

Comprising 8% to 10% of San Francisco's female population, blacks age 18-19 comprise 73% of the arrests 18-19 year-old women citywide for drug felonies; 66% for age 20-29, 56% for ages 30-39, and 70% for those ages 40 and older.

5. San Francisco's law enforcement policy toward drugs cannot be justified on the grounds of practicality. It is of dubious effectiveness in reducing drug abuse. According to Drug Abuse Warning Network tabulations, San Francisco's rate of drug-related mortality (37.2 per 100,000 population in 2001) is three times higher than for Los Angeles (12.2) and San Diego (12.8), and its rate of drug-related hospital emergency treatments (1,121.9 per 100,000 population in 2002) is 4.5 times higher than for Los Angeles (250.7) and 4.8 times higher than for San Diego (12.2).

6. This complaint does not allege a violation of civil rights in any individual case. Rather, it alleges that the extreme nature of these statistics clearly shows that San Francisco's pattern of drug law enforcement results in discrimination against younger black people, particularly younger black women, and excessive leniency toward older whites whose drug abuse is driving the city's illicit drug use and distribution. These are, by far, the most racially extreme figures I have seen for any city statewide.

Although precise race-by-age figures are not available for cities, San Francisco arrested more juvenile girls by number in 2002 for drug felonies (83) than the city of Los Angeles (74) or all jurisdictions in Alameda County (32), the latter of which have youth populations six and three times higher than San Francisco, respectively. As seen, San Francisco's arrests are disproportionately of blacks.

7. I believe San Francisco's method of enforcing drug laws constitutes a race-, gender-, and age-based human rights violation that is unfair on its face and which damages the lives of young people while failing to address the city's serious drug abuse problem among older age groups. I ask that these racial disparities be examined and that the city pursue policies that are more equitable and effective in light of the age, race, and gender characteristics of its drug abuse problem.

thank you for your attention,

Mike Males, Ph.D.
Sociology Department
214 College Eight
University of California
Santa Cruz, CA 95064

tel 831-426-7099
email mmales@earthlink.net
homepage http://home.earthlink.net/~mmales

Appendix B. Full List of Cannabis Specific Statutes Reviewed

Class	Statute	Description
Felony	11357(a) HS/F	Possession of concentrated cannabis
	11358 HS/F	Cultivation of marijuana
	11358(d) HS/F	Cultivation of marijuana with priors
	11359 HS/F	Possession of marijuana for sale
	11359(c) HS/F	Possession of marijuana for sale with priors
	11359(d) HS/F	Possession of marijuana for sale involving a person age 20 or younger
	11360(a) HS/F	Transportation, sale and giving away of marijuana
	11360(a)(3) HS/F	Transportation, sale and giving away of marijuana
	11361(a) HS/F	Employment of a minor to sell or carry marijuana
	11361(b) HS/F	Furnishing marijuana to minor over 14
	11362.3(a)(6) HS/F	Manufacturing concentrated cannabis using a volatile solvent without a license
Misdemeanor	11357(a) HS/M	Possession of concentrated cannabis
	11357(b) HS/M	Possession of marijuana 28.5 grams or less
	11357(b)(2) HS/M	Possession of marijuana more than 28.5 grams or concentrated cannabis more than four grams
	11357(c) HS/M	Possession of marijuana 28.5 grams or less or concentrated cannabis four grams or less at school
	11357(d) HS/M	Possession of marijuana 28.5 grams or less at school

	11357(e) HS/M	Possession of marijuana upon grounds of k - 12 school
	11357.5(a) HS/M	Selling or distributing a synthetic cannabinoid compound
	11357.5(b) HS/M	Use or possession of a synthetic cannabinoid compound with prior offense
	11358(c) HS/M	Cultivation of marijuana
	11359(b) HS/M	Possession of marijuana for sale
	11360(a)(2) HS/M	Transportation, sale and giving away of marijuana
	11360(b) HS/M	Transportation of not more than 28.5 grams of marijuana other than concentrated cannabis
	11362.3(a)(5) HS/M	Possession of marijuana upon school grounds
	23222(b) VC/M	Possession of marijuana while driving
	34014(a) RT/M	Operating a business in cultivation and retail of marijuana products without a permit
Infraction	11357(a) HS/I	Possession of marijuana 28.5 grams or less or concentrated cannabis four grams or less
	11357(b) HS/I	Possession of marijuana 28.5 grams or less
	11357(b)(1) HS/I	Minor in possession of marijuana more than 28.5 grams or concentrated cannabis more than four grams
	11357(d) HS/I	Minor in possession of marijuana 28.5 grams or less or concentrated cannabis four grams or less at school
	11357.5(b) HS/I	Use or possession of a synthetic cannabinoid compound
	11358(a) HS/I	Cultivation of marijuana by a minor under 18
	11358(b) HS/I	Cultivation of marijuana by a person between 18 and 20 years of age

	11359(a) HS/I	Possession of marijuana for sale by a minor under 18
	11360(a)(1) HS/I	Transportation, sale and giving away of marijuana by a minor under 18
	11360(b) HS/I	Transportation of not more than 28.5 grams of marijuana other than concentrated cannabis
	11362.3(a)(1) HS/I	Smoking marijuana in a prohibited public place
	11362.3(a)(2) HS/I	Smoking marijuana where tobacco is prohibited
	11362.3(a)(3) HS/I	Smoking marijuana within 1,000 feet of a school
	11362.3(a)(4) HS/I	Possession of an open container of marijuana while in a vehicle
	23222(b) VC/I	Possession of marijuana while driving

Appendix C: Equity Program Components and Targeted Barriers to Entry												
		Barrier to Entry										
		Financial			Technical				Criminal	Geography	Perception	
Program Type	Specific Program	Access to Capital	Access to Real Estate	Licensing Fees	Business $	Legal & Regulatory	Tax	Awareness of Equity Programs	Background Checks	Access to Opportunity	Distrust in Government	
Financial & Capital Assistance	Incubators	✓	✓									
	Loans	✓	✓	✓								
	Real Estate		✓									
	City Property		✓									
	Fee Waivers	✓		✓								
	Tax Incentives	✓										
	Community Reinvestment	✓									✓	
	Conditional Approval	✓	✓									
Technical Assistance	Business Training				✓							
	Cannabis Training				✓							
	Regulatory Training or Assistance					✓	✓					
	Mentorship & Learning							✓				
Public Awareness	Advertisements							✓			✓	
	Neighborhood Outreach/Education							✓		✓	✓	
Licensing	Priority					✓						
	Clarity				✓	✓						
	Streamlining	✓				✓						
	Equitable Zoning									✓		
Criminal History	Disregarding Cannabis Offenses								✓			
	Expungement Assistance/Events								✓		✓	

Appendix D. Existing Resources

San Francisco has numerous existing resources that can serve as important tools for Equity Applicants and the existing industry. While this is not meant to serve as an exhaustive inventory, this section provides background for existing programs referenced in the report. These are a few of the programs that can be leveraged to help create a more inclusive industry and ensure the success of Equity Applicants.

General Support from the Office of Small Business

The Office of Small Business (OSB) and the SF Business Portal serve as a central point of information and assistance for small businesses and entrepreneurs located in San Francisco and provides one-to-one case management assistance including information on required license and permits, technical assistance, and other business resources.

The OSB specializes in servicing business clients that are unfamiliar or challenged by language in understanding the business regulatory environment and can help navigate business to technical services managed by other portions of OEWD and service providers.

Business Assistance

Office of Small Business services include providing potential operators with a customized checklist for starting a business; Business Registration Requirements; Business License and Permit Info; Zoning & Land Use Info & Assistance; Technical Assistance Providers & Business Support; ADA Requirements / and Assessments; Business Classes and Workshops; Legal Resources for Entrepreneurs; Employer Mandates - Hiring Employees; Building Permit Process Overview; various other Business Resources and Programs.

Legal Assistance

The Office of Small Business can also refer to programs such as the San Francisco Bar Association Lawyer Referral and Informational Services. This costs approximately $35 for 30 minutes.

Human Resources Assistance

The Office of Small Business can also refer to resources such as the California Employers Association, a not for profit employers association.

Open in SF

Mayor Lee has created Open in SF and set a priority to support the 80,000 small businesses that are at the core of San Francisco's identity, economy, and workforce, and to make it easier for San Franciscans to open, operate, or grow a small business. The program is an interagency collaboration that provides direct services to assist individuals in San Francisco who are working through the permitting process to open a small business.

First Source

This program requires cannabis businesses to post any new entry level positions with San Francisco's workforce system before posting positions publicly through other platforms. The City's workforce

system is a robust network of community based organizations, job development providers, and vocational training programs working primarily with unemployed, underemployed, and low-income San Franciscans. Participants in the workforce system often access this system because they represent populations that have historically faced discrimination and disenfranchisement and as a result lack the professional networks that are so critical to gaining a foothold in a career. The workforce system worked with over 8,000 people last year, 92% of which represented households earning less than 50% AMI and 37% of which were African American. The workforce system targets specific populations that have unique barriers to employment, including formerly incarcerated individuals, veterans, and newly arrived immigrants. These are the individuals that the cannabis industry has made a priority and by incorporating First Source hiring practices into cannabis businesses, businesses have a direct connection to the job seekers that it is looking for. In San Francisco's tight labor market, First Source offers an invaluable pool of qualified entry-level talent that small businesses can struggle to find.

Neighborhood Access Points

San Francisco funds several Neighborhood and Specialized Access Points in order to connect workforce services to specific communities with a disproportionate rate of unemployment and/or poverty and for targeted populations who face barriers to employment. The Neighborhood Access Points are community- based workforce centers that offer participants support in seeking and connecting to employment. They also partner with neighboring businesses within a community in order to connect local businesses to local jobseekers. The Specialized Access Points deliver customized workforce services for populations who often face barriers in finding employment, including a Re-Entry Access point, to address the specific job readiness needs for individuals who have interfaced with the criminal justice system, including those with cannabis-related convictions. Collectively, these workforce services further expand pipelines of qualified candidates for training and employment opportunities and supporting growing industries, as the marijuana sector, in San Francisco.

Skill Building Programs

Hospitality Academy - The Hospitality Academy is designed to coordinate training with employment opportunities in order to support the growth of a diverse and well-qualified hospitality sector workforce in San Francisco. It makes targeted trainings available to prepare San Francisco residents for employment opportunities in the hospitality sector – from food preparation and guest services to the maintenance and security needs that hospitality businesses require. The Hospitality Academy serves to fulfill the hiring needs of hospitality sector employers with qualified candidates that are job ready, possess the skills and abilities to be an attribute to the workforce, and hold knowledge and passion for the industry. Participants successfully completing programming from the Hospitality Academy would be natural candidates for retail positions, cannabis food businesses as well as security guard positions.

CityBuild

CityBuild Academy aims to meet the demands of the construction industry and our dynamic economy by providing comprehensive pre-apprenticeship and construction administration training to San Francisco residents. CityBuild began in 2006 as an effort to coordinate City-wide construction training and employment programs and is administered by OEWD in partnership with City College of San Francisco,

various community non-profit organizations, labor unions, and industry employers. CityBuild furthers the City's social justice and employment equity goals by recruiting disadvantaged jobseekers who face or have overcome barriers to employment, including formerly incarcerated workers in communities negatively impacted by the failed war on drugs. CityBuild graduates would be natural candidates for machine operator positions within the cannabis industry as well as the ancillary jobs with construction firms building out new cannabis businesses and at HVAC companies serving these businesses. Taking into account emerging cannabis apprenticeship programs such as the Laborers' Local 261 Cannabis Horticultural Apprenticeship, with some time and resources CityBuild has the potential to expand and create new partnerships to provide pre-apprenticeship and a proven pathway to employment for workers in the cultivation side of the industry as well, helping to ensure diversity and reduce barriers to equitable opportunity in the growing cannabis industry.

Health Care Academy

The Health Care Academy is designed to improve the responsiveness of the workforce system to meet the demands of the growing health care industry. The health care industry has been identified both nationally and locally as a priority for workforce investment due to stable and/or increasing demand for new workers, replacement of retirees, and the need for skills development in response to new technologies and treatment options. Because the health care sector encompasses occupations in such a wide variety of settings and requiring various levels of education and skill, it presents excellent opportunities for a broad spectrum of local jobseekers. With the Academy offering both clinical and non-clinical training opportunities, partnership with the emerging marijuana sector would enhance workforce efforts for employment opportunities as through pharmacy technician (fill and refill marijuana prescriptions) and patient access reps (clinical customer service representatives that are trained with providing service to those with medical conditions).

Apprenticeship Programs

Apprenticeship is a means of addressing the workforce needs of our dynamic economy's core and emerging industries by providing paid, on-the-job training and a structured pathway to career advancement. Participants in state-certified apprenticeship programs earn specific wages and benefits that increase as employment hours are accumulated, resulting in the attainment of journey-level status over a period that typically ranges from two to four years. Apprenticeship is a key foundation of the City's workforce development strategy, particularly with respect to the construction and technology sectors. By investing in pre-apprenticeship programs such as CityBuild and TechSF, the Office of Economic and Workforce Development provides an opportunity for economically disadvantaged jobseekers and workers that face or have overcome barriers to employment to become job ready and secure life skills before they become an apprentice. Partnering with employers and labor organizations within a specific sector to craft a pre-apprenticeship curriculum allows OEWD to offer pre-apprenticeship graduates guaranteed or priority access to apprenticeship and the career benefits that await as they work to become journey-level workers in their field. Capacity and resources within our training programs may need to be evaluated depending on how this model evolves. Policy framework for such an apprenticeship program should be robust enough to scale, but should also recognize the naissance of this industry and lack of data for accurate predictions related to job creation.

Clean Slate

Clean Slate is a program of the San Francisco Public Defender's Office that can help people "clean up" their criminal records. The type of cases the Public Defender handles through this program includes: Expungements (misdemeanor & felony convictions including, but not limited to drunk driving, theft, prostitution, burglary, drug offenses, domestic violence, robbery, and assault and battery) and Certificates of Rehabilitation such as State Prison Cases.

Fair Chance Ordinance (FCO)

The Fair Chance Ordinance (FCO) went into effect on August 13, 2014 and regulates the use of arrest and conviction records in employment decisions for certain employers, affordable housing providers, and City contractors. The FCO applies to private employers that are located or doing business in San Francisco, and that employ 20 or more persons worldwide. This 20-person threshold includes owner(s), management, and supervisorial employees. Job placement, referral agencies, and other employment agencies are considered employers. You can learn more about the Fair Chance Ordinance here; https://sfgov.org/olse/sites/default/files/FileCenter/Documents/12136-FCO%20FAQs%20Final.pdf.

Financial Empowerment

The Office of Financial Empowerment (OFE), housed within the Office of the Treasurer, designs, pilots and expands programs and policies that help low income families build economic security and mobility. Programs such as Smart Money Coaching, which provide one-on-one financial coaching, could be expanded to specifically serve the needs of employees in the cannabis industry.

Smart Money Coaching provides free financial coaching to low income San Franciscans at 27 sites in partnership with the Human Services Agency, the Mayor's Office of Housing & Community Development, the Office of Economic and Workforce Development and the Housing Authority. Integrating coaching into existing social service delivery can improve both financial and programmatic outcomes, as well as help scale a high touch coaching service.

Other programs available to assist employees in the cannabis industry include:

- SaverLife, an online program that rewards individuals for consistently saving at least $20 each month. The program lasts for 6 months and savers can earn a maximum of $60.
- Bank On San Francisco helps residents access safe, affordable accounts at responsible banks and credit unions.

Community Business Priority Processing Program

The Planning Department has assembled a designated staff to help navigate the application process. The Community Business Priority Processing Program (CB3P)* streamlines the Conditional Use review process for certain small and mid-sized business applications and provides a simplified and efficient system to get help you out the door faster and open your business sooner. Projects that qualify for and

enroll in the CB3P are guaranteed a Planning Commission hearing date within 90 days of filing a complete application, and placement on the Consent Calendar. Applicants for the CB3P must a) complete a checklist documenting eligibility for participation, b) complete the Conditional Use application and provide associated materials, c) conduct a Pre-Application Meeting prior to filing, and d) provide interior and exterior photos, per Resolution #19323 that established the program. Certain limitations do apply, and CB3P applications are subject to the same level of neighborhood notice, the same Planning Code provisions, and the same (if applicable) CEQA review requirements, and may still be shifted from Consent to Regular Calendar if requested by a Planning Commissioner or member of the public.

Appendix E. Taxation: State Structure & Review of Other Jurisdictions' Tax Structures

New cannabis taxes have also been authorized under Proposition 64. All cannabis is subject to a 15 percent state excise tax and local governments may also levy their own excise taxes. Standard sales taxes apply as well, although medicinal cannabis is exempt from sales taxes. Further, the state will collect taxes from cultivators at a rate of $9.25/oz for cannabis flowers and $2.75/oz for leaves. State tax revenue will fund cannabis-related administrative and enforcement activities as well as new programs to support law enforcement, environmental impact mitigation of cannabis cultivation, university research, and community reinvestment grants.

Anticipating the passage of Prop. 64, over 30 cities and counties in California put cannabis tax measures before voters last November, and nearly all of these measures passed. The average local tax rate on cannabis is around 10 percent, which is in addition to the state's tax of 15 percent.

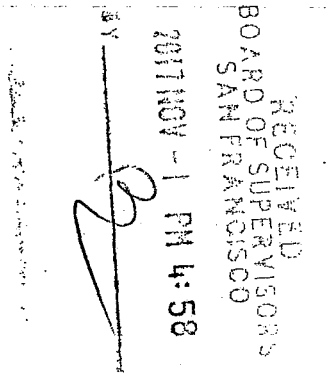
In some cities, the tax is variable. In San Diego, for instance, the rate starts at 5 percent, increases to 8 percent in 2019, and City Council is authorized to increase the tax by ordinance to a maximum 15 percent. In the City of Los Angeles, voters approved a 10 percent tax on adult-use cannabis sold at retail stores, a 5 percent tax on medicinal cannabis, and lesser taxes on non-retail cannabis businesses, such as testing and manufacturing. All new local taxes that have passed since November 2016 are general fund taxes, meaning tax revenue will support general services in each city or county, rather than a dedicated fund with specific spending requirements.

Locally, the cities of San Jose, Oakland, and Berkeley have levied taxes on cannabis sales since 2010, although prior to Proposition 64, taxes only applied to medicinal cannabis. Each of these cities will tax adult-use cannabis at 10 percent. In Oakland and Berkeley, medicinal cannabis is taxed at lower rates.

While San Francisco does not currently tax cannabis beyond the standard sales tax, local officials and members of the public are beginning to convene to decide on a tax measure to put before voters in an upcoming election.

City & County of San Francisco

Cannabis Medical Access Report



Office of Cannabis & Department of Public Health

November 1, 2017

Table of Contents

I. Executive Summary

On September 5, 2017, the Board of Supervisors unanimously passed Ordinance No. 170859, creating the Office of Cannabis and defining the Office's responsibilities. Within the ordinance, the Board of Supervisors requested that the Office of Cannabis, the Department of Public Health and the Controller's Office deliver to them and the Mayor no later than November 1, 2017, a report analyzing the unique needs of individuals who use cannabis for medicinal purposes and providing recommendations regarding policy options that would (A) preserve affordable and/or free access to medical cannabis patients, (B) ensure medical cannabis patients continue to receive high-quality, appropriate care and (C) providing uninterrupted access to medical cannabis patients.

This report studies the current state of medical access in San Francisco, provides background on the Medical Marijuana Identification Card Program and known characteristics of the card holder community, and provides feedback given to the City through focus groups hosted by the Department of Public Health. Finally, the report makes various recommendations for the City's consideration.

II. Introduction

California Medical Cannabis Policy

In 1996, California became the first state in the U.S. to legalize medical cannabis. Legalization resulted from passage of Proposition 215, the Compassionate Use Act, which was incorporated into California's Health and Safety Code (Sec. 11362.5). Its purpose was to a) ensure that seriously ill Californians have the right to obtain and use marijuana for medical purposes where the medical use is deemed appropriate and has been recommended by a physician who has determined that the person's health would benefit from the use of marijuana in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief; and b) ensure that patients and their primary caregivers who obtain and use marijuana for medical purposes upon the recommendation of a physician are not subject to criminal prosecution or sanction.

Senate Bill 420 followed almost a decade later to prescribe personal cultivation and possession limits and establish the right of qualified patients and caregivers to form collectives and cooperatives for the lawful cultivation and distribution of cannabis among members. These laws allowed for medical cannabis access and created city and county-based systems across the State.

Between 2003 and 2015, the commercial cannabis industry grew with few rules and regulations. It wasn't until 2015 and the passage of the Medical Marijuana Regulation and Safety Act that California established a legal framework to regulate and monitor marijuana dispensaries ("AB-243, Medical Marijuana" 2015). Originally set to take effect on January 1, 2016, the Medical Marijuana Regulation and Safety Act was amended via the Medical Cannabis Regulation and Safety Act in June 2016. This updated piece of legislature aimed to incorporate stronger environmental protection policies within a comprehensive licensing system ("SB-643, Medical Marijuana" 2016).

On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA), legalizing the distribution, sale, and possession of marijuana. AUMA was modeled on the Medical Marijuana Regulation and Safety Act (MMRSA) of 2015. In 2017, California sought to create one regulatory system for both medical and recreational use. Therefore, this last June, Governor Jerry Brown signed the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) into law, reconciling the differences between AUMA and MMRSA, a taking a crucial step towards developing a regulatory framework to facilitate a for-profit cannabis sector for both medicinal and adult-use.

San Francisco

In 1991, San Francisco voters passed Proposition P, Hemp Medication, which asked whether or not San Francisco would recommend that the State of California and the California Medical Association restore "hemp medical preparations" to California's official list of medicines (Office of the Registrar of Voters 1991). There were three paid arguments in the ballot in favor of Proposition P, which provided quotes from physicians and cited scientific institutions in arguing for cannabis' medical benefits (Office of the Registrar of Voters 1991). Voters approved the proposition with nearly 80% of the vote (San Francisco Public Library 2017).

In 1999, San Francisco's Health Commission adopted Resolution No. 29-99, "Supporting the Development and Implementation of a Voluntary Medical Cannabis Identification Card Program" (San Francisco Department of Public Health 2000). This resolution supported the development of an identification card program for medical cannabis for individuals who qualified under the Compassionate Use Act as patients or primary caregivers. In 2000, the Board of Supervisors formally created San Francisco's current identification program for medical marijuana (San Francisco Department of Public Health 2000).

On December 3, 2001 the Board of Supervisors passed Resolution No. 01-2006, declaring San Francisco to be a "Sanctuary for Medical Cannabis (San Francisco Board of Supervisors 2005). They also urged California law enforcement and regulatory agencies to avoid harassing, arresting and prosecuting physicians, dispensaries, patients or caregivers who complied with the Compassionate Use Act.

In 2002, the Board of Supervisors placed Proposition S, titled "Medical Marijuana," on the ballot. The proposition was a declaration of policy, directing the Mayor, Board of Supervisors, District Attorney, City Attorney, and Department of Public Health to explore the possibility of creating a program to grow and distribute medical marijuana (Department of Elections 2002). Proposition S passed with approximately 62% of the vote (San Francisco Public Library 2017).

In March 2005, the Board of Supervisors passed Ordinance No. 64-05, "Zoning – Interim Moratorium on Medical Cannabis Dispensaries" (San Francisco Board of Supervisors 2005). The ordinance expressed concern over the significant increase in the number of individuals enrolled in the city's voluntary medical cannabis identification program, "In 2002, there were approximately 2,200 individuals registered...and

there are now over 5,000 or 7,000 individuals enrolled" (San Francisco Board of Supervisors 2005). The ordinance acknowledged that there were no mechanisms to regulate or monitor medical cannabis dispensaries and therefore imposed a moratorium on new clubs and dispensaries.

On November 22, 2005, the Board of Supervisors unanimously passed Article 33 of the San Francisco Health Code, which provides codes, rules, regulations, and operating procedures for medical cannabis dispensaries (San Francisco Department of Public Health 2005).

As of November 1, 2017, there were 46 licensed dispensaries in the City and County of San Francisco. Though the Department of Public Health has historically been responsible for the dispensary permitting process. Following the passage of Proposition 64, San Francisco's "Budget and Appropriation Ordinance" for the Fiscal Year 2017-2018 established the Office of Cannabis and tasked the Office with coordinating various city departments and state agencies efforts to comprehensively regulate medical and adult-use commercial cannabis activity in 2018.

III. Medical Marijuana Identification Card Program

The California Department of Public Health (CDPH) Medical Marijuana Identification Card Program (MMICP)[1] creates a State-authorized medical marijuana identification card (MMIC) along with a registry database for card holders (i.e. qualified patients and primary caregivers). The card provides legal justification for the possession and use of medical cannabis in California, but the card program is voluntary, meaning not everyone who uses cannabis for medical purposes is required to obtain one. Individuals and/or primary caregivers wishing to apply for a State card must do so through their county of residency, and the San Francisco Department of Public Health (SFDPH) Vital Records department manages this process at the county level.

A. Application Process

It is important to note that the State program is also confidential, meaning neither CDPH nor SFDPH retains any personal, demographic, or medical information of program applicants and/or card-holders. The identifying and medical information that applicants provide as part of the State application process is returned to the applicant at the time the card is issued. The only information maintained at the county level are the unique identifier that the State assigns to every card holder and the card's expiration date.

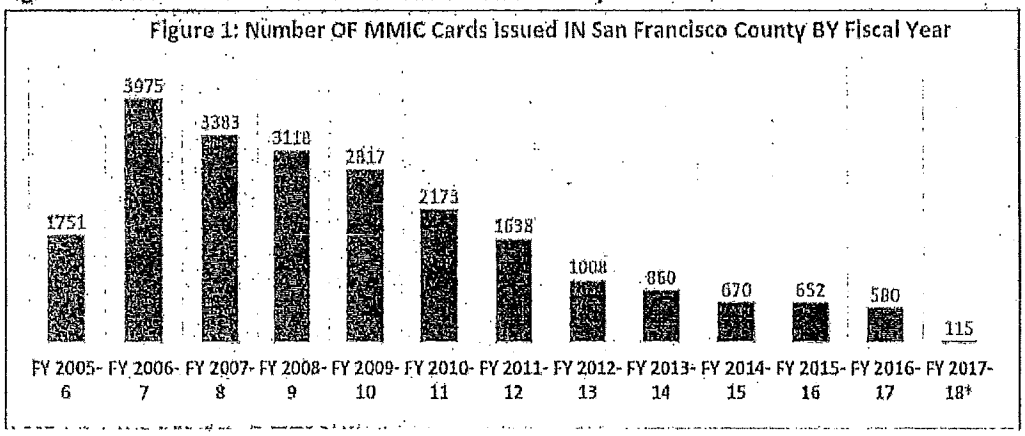
B. County-Level Medical Marijuana Identification Card Program Data

In terms of number of cards issued by county, a recently published California Department of Public Health report notes that, from July 2005 through September 2017 (see figure 1), the San Francisco Department of Public Health issued 22,740 cards—one of the highest amounts across participating counties. This is not to say that there are currently 22,740 patients using medical cannabis in San Francisco, as the card

[1] *See* CDPH Medical Marijuana Identification Card Program report, available at https://www.cdph.ca.gov/Programs/CHSI/CDPH%20Document%20Library/MMPCounty%20Card%20Count%20September%202017-18revADA.pdf.

must be re-issued on an annual basis. It is also important to note the fluctuation in number of card holders over time, with 3,975 cards issued in fiscal year 2007, 1,638 in fiscal year 2012, 652 cards in fiscal year 2016, and 580 cards in fiscal year 2017.

Figure 1. Number of MMIC Cards Issued in San Francisco by Fiscal Year



*Fiscal Year 2017-18 reflects the number of cards issued through September 2017.

C. Medical Marijuana Identification Card Holder Data

As mentioned earlier, the county does not retain general demographic information of applicants or card-holders. One data point that is available to SFDPH is the number of card holders that have requested a card fee reduction as a Medi-Cal program beneficiary. Per State law, Medi-Cal beneficiaries receive a 50% reduction in the fee for the State identification card.[2] The current amount is X.

This information is useful because it provides insight into affordability questions for medical cannabis patients in San Francisco, since the Medi-Cal program serves low-income individuals and families. In general, individuals and families with annual incomes at or below 138 percent of the Federal Poverty level qualify for the program. Figure 2 below[3] provides more information about income levels at 138 percent of the Federal Poverty Level.

[2] The full fee for each card in San Francisco County is currently $100, with Medi-Cal beneficiary fee reduction bringing the cost down to $50 dollars. *See also* California Health and Safety Code Section 11362.755.

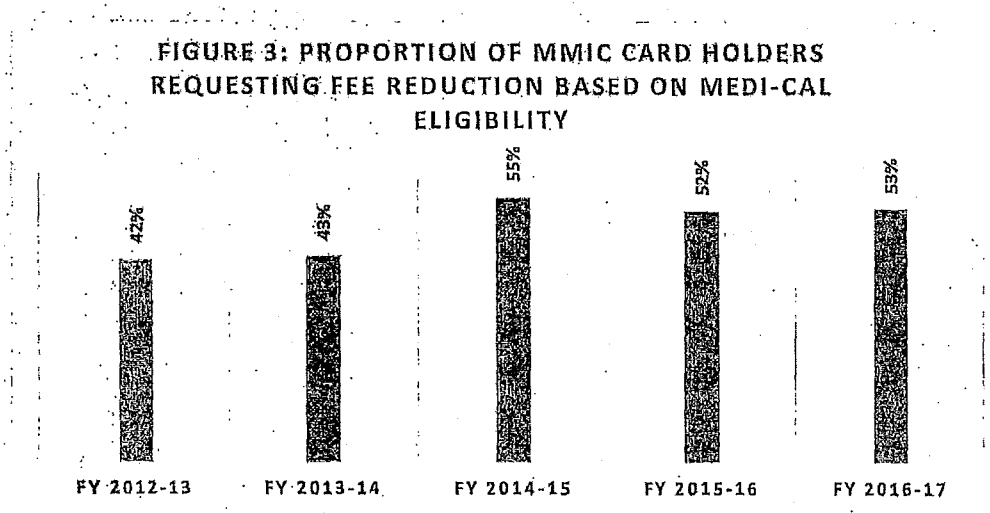
[3] California Department of Health Care Services website, available at http://www.dhcs.ca.gov/services/medi-cal/Pages/DoYouQualifyForMedi-Cal.aspx.

Figure 2. California Medi-Cal Income Eligibility

Family Size	138% Poverty Level
1	16,395
2	22,108
2 Adults	22,108
3	27,821
4	33,534
5	39,248
6	44,961
7	50,688
8	56,429
9	62,169
10	67,910
11	73,651
12	79,392
Each Additional Person	Add 5,741

Figure 3 below[4] shows the proportion of State card holders in San Francisco that requested a card fee reduction based on Medi-cal eligibility from fiscal year 2013 through fiscal year 2017. The figure shows that over the past few fiscal years, over half of all card holders in San Francisco made such requests.

Figure 3. Proportion of MMIC Card Holders Requesting Fee Reduction Based on Medi-Cal Eligibility



[4] SFDPH files.

IV. Focus Group Narratives

A. Methodology

In order to provide the City's policymakers and the Office of Cannabis with a comprehensive view of the medical cannabis cost and affordability landscapes, the Department of Public Health conducted three separate focus groups where discussions outlined concerns and participants put forth solutions to alleviate those concerns. Where individuals were unable to participate in person, the Department collected responses via phone and email. Over three focus group sessions, the Department interviewed sixteen individuals.

The focus groups included representatives from the below stakeholder categories, and Department of Public Health staff strived for a balance of race, gender and sexual orientation within each focus group.

- Medical cannabis patients
- Medical cannabis patient advocates
- Medical cannabis business owners – storefront and delivery only
- Public policy experts

As part of the discussions, focus group participants also noted their experiences with homelessness, living with HIV, behavioral health issues, living with a disability, and past military service. It is also important to note that many focus group participants felt they represented more than one category above.

Each focus group discussed the following questions:

1. In your experience, how is the medical cannabis patient community reacting to State and local changes to the medical cannabis regulatory framework?
2. What is the general feeling among patients about the cost of medical cannabis in the new medical cannabis regulatory market? How does the addition of the adult use market factor into the discussion?
3. What is the general feeling among patients about the State medical cannabis identification card? Do people generally know how to apply, where to get it and that there is a fee associated with obtaining it?
4. Do you have ideas and suggestions about how the City could address concerns you've mentioned? For example, what would the elements of a compassionate care program be in San Francisco?

The following information, in no particular order, is a compilation of the main discussion points from all focus groups, and where there was general consensus or agreement across focus groups, it is noted.

B. Medical Cannabis Community Reactions and Concerns: Focus Group Responses

1. In your experience, how is the medical cannabis patient community reacting to State and local changes to the medical cannabis regulatory framework?
2. What is the general feeling among patients about the cost of medical cannabis in the new regulatory market? How does the addition of the adult use market factor into the discussion?

Responses to the above questions are noted below:

Preserving San Francisco's Compassionate Care Model. Focus group participants affirmed that patients use cannabis as an alternative to prescription drugs, a harm reduction tool, and as an important treatment option for a wide variety of conditions, and that the State and City needed to appropriately recognize this as a significant benefit to individuals with medical needs. Participants also noted that the current medical cannabis structure and future adult use system would not have been possible without the steadfast dedication of the current medical cannabis community, and, for that reason, the City should elevate those needs.

With regard to the current and future landscapes, one participant noted that patients are currently benefitting from an increase in available products as new dispensaries enter the medical market and lowered prices due to increased market competition, further noting that in the newly regulated market, patients can also expect to benefit further from guidelines designed to make cannabis and cannabis products safer. This participant stated that patients they have encountered feel excited, but also apprehensive and uncertain about how the medical and adult use markets will affect one another and how new regulations will affect the medical cannabis market, specifically. This individual believed that these feelings would remain until State and local medical and adult use legislation and regulations are finalized, and that the longer that process takes, the more uncertainty the cannabis industry will experience.

One overarching concern across focus groups was that current State law[5] does not allow for compassionate care to continue in San Francisco in the way that patients have accessed it in the past, access it currently, and envision it for the future. Focus group members felt that if this issue is not addressed, the City runs the risk of eliminating compassionate care altogether. One meeting participant noted that, though the pending State medical and adult use cannabis regulatory systems should be streamlined wherever possible for efficiency purposes, this was an area where the adult use and medical cannabis markets should differ significantly. Underlying concerns stemming from these statements were as follows:

- *Cost for Patients.* Participants in each focus group highlighted the issue of cost for patients in the newly regulated medical cannabis market, especially for low-income and indigent patients, immobile patients, and those experiencing homelessness. To some participants, the cost of

[5] These concerns would also apply to any provisions within the current proposed local ordinance that codify the relevant State law provisions.

medical cannabis is already at unaffordable levels for many, and patients and patient advocates in each focus group were concerned about the ability for them to access the market in the face of new State and local regulations, where the regulatory cost would likely be passed on to consumers. There was also concern about the added burden of State and (possible) local taxation structures. According to some, patients generally prefer regulated, lab-tested medical cannabis, but one serious consequence of exorbitant taxes would be a proliferation of the illicit market, where medical cannabis would likely be cheaper. State law does exempt medical cannabis patients with the aforementioned State-issued card from State sales tax,[6] but there was consensus across focus groups that this exemption does not go far enough to reduce cost barriers for patients.

- *Prohibition against Samples, Free and Discounted Cannabis.* State Law currently prohibits the giving away of cannabis and cannabis products as part of a business promotion or commercial activity.[7] This has been interpreted to disallow the giving of cannabis samples and cannabis/cannabis products at discounted or no cost to individual consumers and/or other businesses, which are current practices in San Francisco's medical cannabis market. Participants across the focus groups were strongly opposed to these State law provisions since, according to them, such practices are critical for maintaining a functional compassionate care program. For example, patients rely on samples to test products in hopes of finding one that alleviates symptoms, and it would be cost-prohibitive for patients to instead have to purchase each item at full price at the outset.

  Further, State law also requires that all cannabis and cannabis products be tagged with a unique identifier, known as a "track and trace" system.[8] There was a concern that this could conflict with any local policy allowing for donations or samples, since those cannabis items would not be moving through the commercial system the way State law currently envisions. For example, some medical cannabis businesses currently receive anonymous cannabis and cannabis product donations that they then distribute to patients, and such a track and trace system would deter those donors from continuing a practice that, in their view, facilitates continued and affordable access for low-income patients.

- *Phased Elimination of the Collective/Cooperative Model.* In establishing a State-regulated medical cannabis market, State law also eventually phases out the current collective/cooperative medical cannabis model.[9] According to focus group participants, this would eliminate a critical community-sharing element of San Francisco's current compassionate care practices.

---

[6] The Adult Use of Marijuana Act – Proposition 64, Section 34011.

[7] Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26153.

[8] The Adult Use of Marijuana Act – Proposition 64, Section 26170.

[9] Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 11362.775

- *Product Type and Dosage Inflexibility.* Current State law limits edible cannabis product THC content to 10 milligrams per serving size in both the medical and adult use markets,[10] and previously proposed State regulations[11] limited the total THC amount per package to 100 milligrams. The proposed State regulations also placed a 1,000-milligram THC limit on non-edible cannabis products in both markets.[12] Focus group participants identified two main problems with this approach. First, there is often a need for patients to consume higher dosages than individuals in the adult use market because medical condition treatment plans and cannabis metabolism rates differ per individual, and, since State law does not currently allow for patients to obtain cannabis at little to no cost, this limitation would require patients to purchase multiple products to reach their required dosage levels, which is cost-prohibitive. Second, some participants noted that the pending State cannabis regulations would likely limit the types of edible cannabis products that can be produced, which they felt would provide primarily for preservative-heavy and sugar-laden products, lead to high caloric intake among patients if they must consume multiple servings, and create potential health issues as a result.

- *Cannabis License Fees.* Some focus group participants cited State and (possible) local cannabis permit fees[13] as a potential cost barrier for true compassionate care businesses that wish to continue providing cannabis and services to low-income patients in San Francisco.

- *Medical Cannabis for Patients Under 18.* State law currently prohibits the production of cannabis products that are considered appealing to children.[14] Focus group participants noted that some children who use medical cannabis would benefit from products that are designed to make consumption palatable for them.

Lack of Dedicated Consumption Spaces for Patients. All focus groups noted that, for medical cannabis patients, consuming their medicine is often a social experience that is important for the healing process, and that there were not enough existing spaces in San Francisco for this purpose.

Driving Under the Influence Determinations. There was concern in one focus group about the process the State and City will undertake in determining whether an individual is driving under the influence. A process that considers only whether THC is present in the system, and not whether driving is actually

[10] Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26130 (c).

[11] *See* California Department of Public Health Proposed Regulations Comment Summary and Response, available at https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20(Final%20on%20CDPH%20Letterhead).pdf.

[12] *See* California Department of Public Health Proposed Regulations Comment Summary and Response, available at https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20(Final%20on%20CDPH%20Letterhead).pdf.

[13] Local cannabis permit fees have not yet been determined, but focus group participants thought they would likely be a cost barrier once established, especially when considered alongside a State license fee.

[14] Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26130 (c).

impaired as a result, will negatively affect patients, especially those who require relatively high THC doses as part of their treatment plans.

Safe Consumption Information for Patients. Meeting participants noted that safe consumption information currently varied across dispensaries, which could lead to misinformation and unsafe patient consumption practices.

C. State Medical Cannabis Identification Card – Focus Group Responses

3. What is the general feeling among patients about the State medical cannabis ID card? Do people generally know how to apply, where to get it and that there is a fee associated with obtaining it?

Responses to the above questions are noted below.

There was general consensus across focus groups that many patients in San Francisco are currently unaware of the State card program and/or how to obtain a card. Participants noted that some current businesses were not appropriately applying the State sales tax exemption for medical cannabis patients who possess the card, and that this would likely continue without widespread education about the program for business owners, their employees and medical cannabis patients. One participant suggested that the Health Department lead this educational effort and increase accessibility by also educating providers that do not commonly interact with medical cannabis patients and may be unfamiliar with program guidelines, and developing informational materials for display at dispensaries and doctors' offices.

With the onset of adult use commercial activity and consumption, there was a concern that medical cannabis patients may bypass the medical market and instead obtain cannabis in the adult use market due to public stigma surrounding medical cannabis use, as well as misconceptions about the type of information that is stored within the medical cannabis identification program database and how that may affect current/future employment opportunities and the ability to purchase a firearm.[15]

In contrast, one participant noted that it was difficult to predict the effect of the adult use market on the MMIC program, but suggested that increased taxation levels for medical cannabis and a possible lack of San Francisco-based adult use retailers in early January, 2018, may significantly increase State card utilization. Others felt that adult use legalization and consumption would have a positive effect on the medical market and card utilization, since more people would be comfortable with cannabis use in general.

[15] The Bureau of Alcohol, Tobacco, Firearms and Explosives issued a memorandum to all firearms licensees in 2011 clarifying that federal law prohibits unlawful users of controlled substances, as defined by the federal Controlled Substances Act, from receiving or possessing firearms or ammunition. *See* Bureau memorandum, available at http://71.11.3.134/share/PDF/ATFOpenLetter092111.pdf.

D. Ideas and Suggestions – Focus Group Responses

4. Do you have ideas and suggestions about how the City could address the concerns you've mentioned? For example, what would the elements of a compassionate care program be in San Francisco?

Responses to the above questions are noted below.

City Advocacy at the State Level to Preserve Current Compassionate Care Programs. Each focus group highlighted the need for the City to advocate at the State level to allow:

- businesses to provide cannabis samples and cannabis free of charge and/or at a discounted cost to medical cannabis patients
- anonymous donations to compassionate care locations
- businesses to produce high dosage products for medical cannabis patients

Focus group participants felt that such advocacy would allow compassionate care to continue in the City in its current form.

Establish a Citywide Compassionate Care Program. Within the context of the aforementioned State level advocacy, focus group participants thought the City could create a program with the following possible characteristics:

Program Eligibility Criteria. Using income as the overarching criterion, San Francisco residents with medical cannabis need who are enrolled in Medi-Cal (or would qualify if they applied), low-income seniors (i.e. individuals over 50), immobile patients, and veterans would qualify for the City program. To capture as many individuals as possible, the City could also consider enrollment in other existing programs serving low-income San Franciscans as proof of compassionate care program eligibility. To limit the risk of federal intervention and adverse consequences for patients who receive federal assistance, the City could use the current MMIC application process as a record retention model. Focus group participants also highlighted the importance of discretion and preserving the confidentiality of those accessing the program.

Program Elements. Focus groups put forth the following possibilities:

- Program participants would be able to purchase medical cannabis and any medical cannabis product at cost of production.
- Program participants would be able to access current compassionate care services at individual medical cannabis dispensaries, e.g. samples, cannabis and cannabis products at little to no cost.
- San Francisco could create event permits for compassionate care events across the City, where patients and businesses could provide samples, share cannabis and cannabis products, and provide free or discounted cannabis to program participants.

- San Francisco could allow current medical cannabis collective/cooperative businesses to continue their operations as they currently exist.
- Any reduced cost policies the City establishes for patients would also apply to adult use cannabis and cannabis products.
- Some participants specifically referenced a 2007 San Francisco Board of Supervisors resolution[16] that encouraged cannabis dispensaries to establish compassionate care programs, noting that it already includes many principles that the City could codify Citywide (e.g. prioritizing seniors and veterans).

Citywide Compassionate Care Card. Separate from the State-issued medical cannabis identification card, a county-based card could be issued to individuals who qualify for the program. Some focus group participants referenced a previous San Francisco county medical cannabis identification card program that was deactivated with the establishment of the State-issued card, suggesting that the City's card program could be reactivated for this purpose. Focus group members also felt the card should be issued at little to no cost to program participants.

Program Funding Mechanisms. Focus group participants suggested that a fund be established to support the City's Compassionate Care program in whatever form(s) it eventually takes. Due to the inability for many cannabis businesses to access banking services, it was advised that the City create the fund and that a stakeholder group that includes cannabis businesses oversee the fund's revenue allocation process. Some focus group participants suggested that the fund also be used to subsidize the licensing fees for compassionate care businesses and/or the operating costs of a compassionate care community center suggested elsewhere in this report. Focus groups suggested three main funding mechanisms:

- *Round-Up Mechanism.* At the point of sale in either the medical or adult use markets, consumers could choose to donate to the fund by "rounding up" the cost of their purchase. For example, if a consumer purchased a cannabis product at 47 dollars, the total price could be rounded up to 50 dollars, with the remaining three dollars donated to the program.
- *Business contributions.* Under this model, cannabis businesses would be required to set aside a portion of their profits to fund the program, or the City could instead make such contributions voluntary. Some participants preferred a voluntary option to a mandated contribution.
- *Business Program Start-Up Funds.* Here, cannabis businesses would voluntarily contribute immediate funding for the program, with the City then assuming responsibility for continued funding after the initial contribution.

[16] See San Francisco Board of Supervisors 2007 Resolution urging Medical Cannabis Dispensaries to Implement Compassionate Care Programs to Serve Low and No Income Patients, available at http://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0623-07.pdf.

City Advocacy at the State Level to Support Additional Compassionate Care Aspects. In the course of discussion, focus group participants highlighted other areas where advocacy would be needed to further support compassionate care goals.

- *Exempt Medical Cannabis Cultivators from Taxation.* According to some, establishing a tax exemption for medical cannabis cultivators would incentivize them to donate to compassionate care programs and increase cannabis availability for patients.
- *Donate Seized Cannabis and Cannabis Products to Compassionate Care Programs.* When cannabis is seized as a result of law enforcement intervention, some focus group participants felt it should not be destroyed. Rather, it could be donated to the City's compassionate care program and subsequently redistributed to patients.
- *Create Cannabis Product Exemption for Children with Medical Cannabis Needs.* The City should allow cannabis products that may be appealing to children to be provided for those with medical need.
- *Expand the types of cannabis products to include healthier options.*
- *Discourage the narrowing of qualifying conditions.* The City should view individual interactions between patients and physicians as the primary mechanism for determining whether medical cannabis use is warranted.
- *Create employment protections for medical cannabis card holders and compassionate care program participants.*

Establish a Municipal Growing Framework. Some focus group participants felt the City should consider municipal cultivation as a way to provide cannabis at lower cost to patients. City voters passed Proposition S in 2002,[17] which urged the City to explore this option, and the aforementioned focus group participants would support further discussion and action on this issue.

Create Additional Consumption Locations for Patients. Each focus group highlighted a need for additional medical cannabis consumption (i.e. smoking, vaping and product ingestion/use) locations in the City, especially if federal law continues to prohibit consumption in public housing. Some participants advocated for separate medical use consumption spaces to preserve a treatment-based environment for patients, adding that such spaces should not require a minimum purchase level in order to access the consumption area. Others underscored the need for community centers where patients can both consume their medicine and engage in harm reduction programs and activities, suggesting that the City reserve spaces in the City where such community centers can thrive and subsidize operational costs for those centers.

[17] *See* Proposition S language and ballot results at https://sfpl.org/pdf/main/gic/elections/November5_2002.pdf and https://sfpl.org/index.php?pg=2000027201&propid=1683.

Prioritize Delivery Services. For many immobile patients, medical cannabis delivery services are critical and should be prioritized within the City's cannabis regulatory framework.

Reinstate Historical Compassionate Care Locations. According to some focus group participants, a number of compassionate care locations were closed in the past due to federal intervention or an inability to thrive within the City's Medical Cannabis Act (Article 33) framework. Those participants felt the City should assist these businesses in re-establishing themselves in San Francisco in order to strengthen the compassionate care network.

Reduce Fee for State Medical Cannabis Identification Card. To increase affordability, the City should lower the current cost of the State-issued medical cannabis identification card.

Establish Patient Advisory Committee. The City should establish an advisory committee, consisting primarily of a diverse set of medical cannabis patients, and possibly businesses, to oversee the process of establishing and maintaining a compassionate care program.

Education for Patients and Recommending Physicians. Safe consumption information should be distributed to patients, and this information should be standardized across dispensaries and compassionate care locations in the City. Physicians must also be properly educated about how to provide cannabis recommendations that allow dispensaries to provide the correct cannabis treatment options.

A Successful Compassionate Care Framework in San Francisco – Focus Group Responses

Focus groups also discussed the need to ensure that San Francisco's compassionate care framework is successful, and made the following suggestions for how success could be defined:

- *Patients with Real Medical Need are Able to Access Cannabis at Affordable Cost.* Here, focus group participants advised the City to establish a robust educational campaign for the compassionate care program that uses a variety of communication outlets, including television, radio, and newsprint, to promote the program and ensure that there is widespread and far-reaching patient participation. Participants also suggested that the City develop a survey that would provide useful feedback for the City as to medical cannabis accessibility. Finally, it was suggested that the City consider mechanisms to prevent abuse of the program and hence ensure that patients with actual need are able to easily participate.

- *Cannabis Businesses of Varying Size are Able to Participate in the Program.* In this regard, one participant encouraged the City to consider the impact of any compassionate care program requirements on businesses of varying size and avoid creating a system that rewards non-compliance or places an undue burden on smaller businesses that will find it more difficult to absorb the cost of new State and local medical cannabis business regulations. That individual went on to note that establishing a compassionate care program would likely be an iterative process, since there is uncertainty at the moment about how the adult use market will fare in

San Francisco, so transparency about the program and how businesses can comply will be critical, especially during the initial implementation period.

Some focus group participants felt that the aforementioned patient advisory committee could be tasked with providing ongoing guidance to the City in this area.

V. Findings & Recommendations

Based on Focus Group comments and concerns raised in the sessions by participants, the report finds the following, and makes associated recommendations:

Finding 1 – Continued Access to Medical Cannabis: The City has a long history of providing medical cannabis to patients, and this access to should continue in 2018 and beyond.

Recommendation:

A. The City should require all retailers to maintain medical use as a condition of their permit.
B. The City should further prioritize permit processing for medical only applicants.

Finding 2 – Cost Concerns: There are concerns that patients, particularly low income and indigent patients, will not be able to afford medical cannabis.

Recommendation:

A. Compassion programs should be targeted to low income and indigent populations, veterans, and patient populations who can identify need.
B. The City should remain thoughtful about the tax burden on the medical cannabis supply chain and patient consumers when crafting a local tax structure.
C. The City should allow samples in certain circumstances, to allow patient consumers to test products before having to purchase products at full or reduced cost.
D. The City should advocate for dosage flexibility for medical products at the State level if higher dosage levels are not addressed in emergency regulations this November.

Finding 3 – Clarity and Advocacy for State Allowance of Compassion Programs: Stakeholders would like the City to advocate for Compassion Programs that reflect San Francisco's values.

Recommendation:

A. The City should advocate to the State to allow counties to maintain compassion programs, and provide clear regulations related to compassion programs within the M-Type supply chain.

Finding 4 – Preservation of Compassionate Care Model: The compassionate care model has provided patients with access to medicinal cannabis, is an important harm reduction tool, and these programs. should be maintained.

Recommendation:

A. Similar to the mandate passed unanimously by the Board of Supervisors in File No. 071505 (2007),[18] the City should create a compassion program or allow for retailers to establish their own compassion program. Descriptions of these programs and how the program will meet track and trace requirements should be detailed in their application for an Article 16 permit.
B. The City should consider the creation of nonprofit licenses for compassionate care programs in 2018. This could include contemplating a lower license fee.
C. The City should allow for flexibility in implementing a Compassion Program. An example of this is the City could create a Compassion Fund administered by the City. In lieu of creating an onsite program, retailers could provide a percentage of monthly gross revenue to this fund to offset licensing fees for future nonprofit permit permits and costs of products.

Finding 5 – Determine Eligibility: There is a need to create eligibility criteria that is discrete and confidential to ensure patient privacy.

Recommendation:

A. The City should leverage should leverage its existing programs, such as the Medical Marijuana Identification Card (MMIC) program, as a pathway to a) determine eligibility and 2) provide a method by which patients can prove their eligibility to retailers or potential nonprofits. This resource should be provided at little to no cost to the patient.

Finding 6 – Consumption Space: Consumption of medical cannabis can be a social experience, therefore, patients would like spaces to be provided that allow for social consumption.

Recommendation:

A. The City should encourage the retention of existing Medicinal Cannabis Consumption Space.
B. The City should disallow retailers from mandating a certain amount of product be purchased in order to access the onsite smoking/vaping/consumption lounge.

Finding 7 – Safe Consumption Information: Patient consumers would benefit from having access to consistent education related to safe consumption.

Recommendation:

A. The Department of Public Health should create fact based information to be provided to all consumers including patients at the point of sale.

Finding 8 – Advocacy for Patient Community: The City would benefit from continued advice from patients, patient advocates, and businesses.

---

[18] San Francisco Board of Supervisors, File No. 071505, 2007. http://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0623-07.pdf.

Recommendation:

A. The City should amend the Cannabis State Legalization Task Force membership to ensure a broad set of stakeholders representing patient advocacy are reflected in the makeup of the body, and can further inform and advise future task force recommendations, notably about the evolution of policy related to compassion programs. One of these members should have experience in running a non-profit compassion program.

Finding 9 – Data & Accountability: The City needs to gather data and report out on it regularly to ensure we are iterating our policies and meeting our goals.

Recommendation:

A. The Office of Cannabis and the Health Department should continue to monitor the effects of cannabis legalization on medical cannabis use in San Francisco.
B. Data collection should be consistent with patient privacy guidelines, and should be incorporated into the Office of Cannabis' overall data management strategy.
C. The Office of Cannabis in collaboration with the Department of Public Health should provide a report and recommendations to further inform the City's path forward with medical cannabis by December 31, 2018.

Table of Contents

I. Executive Summary

On September 5, 2017, the Board of Supervisors unanimously passed Ordinance No. 170859, creating the Office of Cannabis and defining the Office's responsibilities. Within the ordinance, the Board of Supervisors requested that the Office of Cannabis, the Department of Public Health and the Controller's Office deliver to them and the Mayor no later than November 1, 2017, a report analyzing the unique needs of individuals who use cannabis for medicinal purposes and providing recommendations regarding policy options that would (A) preserve affordable and/or free access to medical cannabis patients, (B) ensure medical cannabis patients continue to receive high-quality, appropriate care and (C) providing uninterrupted access to medical cannabis patients.

This report studies the current state of medical access in San Francisco, provides background on the Medical Marijuana Identification Card Program and known characteristics of the card holder community, and provides feedback given to the City through focus groups hosted by the Department of Public Health. Finally, the report makes various recommendations for the City's consideration.

II. Introduction

California Medical Cannabis Policy

In 1996, California became the first state in the U.S. to legalize medical cannabis. Legalization resulted from passage of Proposition 215, the Compassionate Use Act, which was incorporated into California's Health and Safety Code (Sec. 11362.5). Its purpose was to a) ensure that seriously ill Californians have the right to obtain and use marijuana for medical purposes where the medical use is deemed appropriate and has been recommended by a physician who has determined that the person's health would benefit from the use of marijuana in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief; and b) ensure that patients and their primary caregivers who obtain and use marijuana for medical purposes upon the recommendation of a physician are not subject to criminal prosecution or sanction.

Senate Bill 420 followed almost a decade later to prescribe personal cultivation and possession limits and establish the right of qualified patients and caregivers to form collectives and cooperatives for the lawful cultivation and distribution of cannabis among members. These laws allowed for medical cannabis access and created city and county-based systems across the State.

Between 2003 and 2015, the commercial cannabis industry grew with few rules and regulations. It wasn't until 2015 and the passage of the Medical Marijuana Regulation and Safety Act that California established a legal framework to regulate and monitor marijuana dispensaries ("AB-243, Medical Marijuana" 2015). Originally set to take effect on January 1, 2016, the Medical Marijuana Regulation and Safety Act was amended via the Medical Cannabis Regulation and Safety Act in June 2016. This updated piece of legislature aimed to incorporate stronger environmental protection policies within a comprehensive licensing system ("SB-643, Medical Marijuana" 2016).

On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA), legalizing the distribution, sale, and possession of marijuana. AUMA was modeled on the Medical Marijuana Regulation and Safety Act (MMRSA) of 2015. In 2017, California sought to create one regulatory system for both medical and recreational use. Therefore, this last June, Governor Jerry Brown signed the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) into law, reconciling the differences between AUMA and MMRSA, a taking a crucial step towards developing a regulatory framework to facilitate a for-profit cannabis sector for both medicinal and adult-use.

San Francisco

In 1991, San Francisco voters passed Proposition P, Hemp Medication, which asked whether or not San Francisco would recommend that the State of California and the California Medical Association restore "hemp medical preparations" to California's official list of medicines (Office of the Registrar of Voters 1991). There were three paid arguments in the ballot in favor of Proposition P, which provided quotes from physicians and cited scientific institutions in arguing for cannabis' medical benefits (Office of the Registrar of Voters 1991). Voters approved the proposition with nearly 80% of the vote (San Francisco Public Library 2017).

In 1999, San Francisco's Health Commission adopted Resolution No. 29-99, "Supporting the Development and Implementation of a Voluntary Medical Cannabis Identification Card Program" (San Francisco Department of Public Health 2000). This resolution supported the development of an identification card program for medical cannabis for individuals who qualified under the Compassionate Use Act as patients or primary caregivers. In 2000, the Board of Supervisors formally created San Francisco's current identification program for medical marijuana (San Francisco Department of Public Health 2000).

On December 3, 2001 the Board of Supervisors passed Resolution No. 01-2006, declaring San Francisco to be a "Sanctuary for Medical Cannabis (San Francisco Board of Supervisors 2005). They also urged California law enforcement and regulatory agencies to avoid harassing, arresting and prosecuting physicians, dispensaries, patients or caregivers who complied with the Compassionate Use Act.

In 2002, the Board of Supervisors placed Proposition S, titled "Medical Marijuana," on the ballot. The proposition was a declaration of policy, directing the Mayor, Board of Supervisors, District Attorney, City Attorney, and Department of Public Health to explore the possibility of creating a program to grow and distribute medical marijuana (Department of Elections 2002). Proposition S passed with approximately 62% of the vote (San Francisco Public Library 2017).

In March 2005, the Board of Supervisors passed Ordinance No. 64-05, "Zoning – Interim Moratorium on Medical Cannabis Dispensaries" (San Francisco Board of Supervisors 2005). The ordinance expressed concern over the significant increase in the number of individuals enrolled in the city's voluntary medical cannabis identification program, "In 2002, there were approximately 2,200 individuals registered...and

there are now over 5,000 or 7,000 individuals enrolled" (San Francisco Board of Supervisors 2005). The ordinance acknowledged that there were no mechanisms to regulate or monitor medical cannabis dispensaries and therefore imposed a moratorium on new clubs and dispensaries.

On November 22, 2005, the Board of Supervisors unanimously passed Article 33 of the San Francisco Health Code, which provides codes, rules, regulations, and operating procedures for medical cannabis dispensaries (San Francisco Department of Public Health 2005).

As of November 1, 2017, there were 46 licensed dispensaries in the City and County of San Francisco. Though the Department of Public Health has historically been responsible for the dispensary permitting process. Following the passage of Proposition 64, San Francisco's "Budget and Appropriation Ordinance" for the Fiscal Year 2017-2018 established the Office of Cannabis and tasked the Office with coordinating various city departments and state agencies efforts to comprehensively regulate medical and adult-use commercial cannabis activity in 2018.

III. Medical Marijuana Identification Card Program

The California Department of Public Health (CDPH) Medical Marijuana Identification Card Program (MMICP)[1] creates a State-authorized medical marijuana identification card (MMIC) along with a registry database for card holders (i.e. qualified patients and primary caregivers). The card provides legal justification for the possession and use of medical cannabis in California, but the card program is voluntary, meaning not everyone who uses cannabis for medical purposes is required to obtain one. Individuals and/or primary caregivers wishing to apply for a State card must do so through their county of residency, and the San Francisco Department of Public Health (SFDPH) Vital Records department manages this process at the county level.

A. Application Process

It is important to note that the State program is also confidential, meaning neither CDPH nor SFDPH retains any personal, demographic, or medical information of program applicants and/or card-holders. The identifying and medical information that applicants provide as part of the State application process is returned to the applicant at the time the card is issued. The only information maintained at the county level are the unique identifier that the State assigns to every card holder and the card's expiration date.

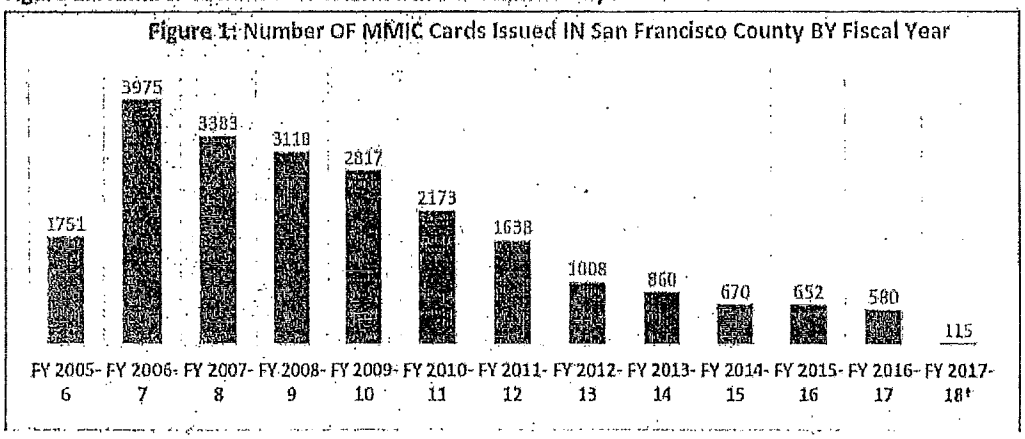
B. County-Level Medical Marijuana Identification Card Program Data

In terms of number of cards issued by county, a recently published California Department of Public Health report notes that, from July 2005 through September 2017 (see figure 1), the San Francisco Department of Public Health issued 22,740 cards—one of the highest amounts across participating counties. This is not to say that there are currently 22,740 patients using medical cannabis in San Francisco, as the card

[1] *See* CDPH Medical Marijuana Identification Card Program report, available at https://www.cdph.ca.gov/Programs/CHSI/CDPH%20Document%20Library/MMPCounty%20Card%20Count%20September%202017-18revADA.pdf.

must be re-issued on an annual basis. It is also important to note the fluctuation in number of card holders over time, with 3,975 cards issued in fiscal year 2007, 1,638 in fiscal year 2012, 652 cards in fiscal year 2016, and 580 cards in fiscal year 2017.

Figure 1. Number of MMIC Cards Issued in San Francisco by Fiscal Year



*Fiscal Year 2017-18 reflects the number of cards issued through September 2017.

C. Medical Marijuana Identification Card Holder Data

As mentioned earlier, the county does not retain general demographic information of applicants or card-holders. One data point that is available to SFDPH is the number of card holders that have requested a card fee reduction as a Medi-Cal program beneficiary. Per State law, Medi-Cal beneficiaries receive a 50% reduction in the fee for the State identification card.[2] The current amount is X.

This information is useful because it provides insight into affordability questions for medical cannabis patients in San Francisco, since the Medi-Cal program serves low-income individuals and families. In general, individuals and families with annual incomes at or below 138 percent of the Federal Poverty level qualify for the program. Figure 2 below[3] provides more information about income levels at 138 percent of the Federal Poverty Level.

[2] The full fee for each card in San Francisco County is currently $100, with Medi-Cal beneficiary fee reduction bringing the cost down to $50 dollars. *See also* California Health and Safety Code Section 11362.755.

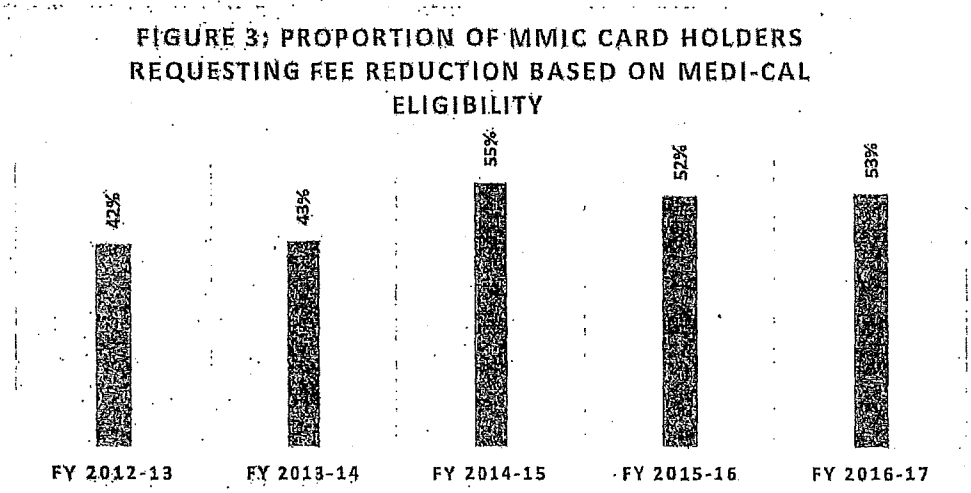
[3] California Department of Health Care Services website, available at http://www.dhcs.ca.gov/services/medi-cal/Pages/DoYouQualifyForMedi-Cal.aspx.

Figure 2. California Medi-Cal Income Eligibility

Family Size	138% Poverty Level
1	16,395
2	22,108
2 Adults	22,108
3	27,821
4	33,534
5	39,248
6	44,961
7	50,688
8	56,429
9	62,169
10	67,910
11	73,651
12	79,392
Each Additional Person	Add 5,741

Figure 3 below[4] shows the proportion of State card holders in San Francisco that requested a card fee reduction based on Medi-cal eligibility from fiscal year 2013 through fiscal year 2017. The figure shows that over the past few fiscal years, over half of all card holders in San Francisco made such requests.

Figure 3. Proportion of MMIC Card Holders Requesting Fee Reduction Based on Medi-Cal Eligibility



[4] SFDPH files.

IV. Focus Group Narratives

A. Methodology

In order to provide the City's policymakers and the Office of Cannabis with a comprehensive view of the medical cannabis cost and affordability landscapes, the Department of Public Health conducted three separate focus groups where discussions outlined concerns and participants put forth solutions to alleviate those concerns. Where individuals were unable to participate in person, the Department collected responses via phone and email. Over three focus group sessions, the Department interviewed sixteen individuals.

The focus groups included representatives from the below stakeholder categories, and Department of Public Health staff strived for a balance of race, gender and sexual orientation within each focus group.

- Medical cannabis patients
- Medical cannabis patient advocates
- Medical cannabis business owners – storefront and delivery only
- Public policy experts

As part of the discussions, focus group participants also noted their experiences with homelessness, living with HIV, behavioral health issues, living with a disability, and past military service. It is also important to note that many focus group participants felt they represented more than one category above.

Each focus group discussed the following questions:

1. In your experience, how is the medical cannabis patient community reacting to State and local changes to the medical cannabis regulatory framework?
2. What is the general feeling among patients about the cost of medical cannabis in the new medical cannabis regulatory market? How does the addition of the adult use market factor into the discussion?
3. What is the general feeling among patients about the State medical cannabis identification card? Do people generally know how to apply, where to get it and that there is a fee associated with obtaining it?
4. Do you have ideas and suggestions about how the City could address concerns you've mentioned? For example, what would the elements of a compassionate care program be in San Francisco?

The following information, in no particular order, is a compilation of the main discussion points from all focus groups, and where there was general consensus or agreement across focus groups, it is noted.

B. Medical Cannabis Community Reactions and Concerns: Focus Group Responses

1. In your experience, how is the medical cannabis patient community reacting to State and local changes to the medical cannabis regulatory framework?
2. What is the general feeling among patients about the cost of medical cannabis in the new regulatory market? How does the addition of the adult use market factor into the discussion?

Responses to the above questions are noted below.

Preserving San Francisco's Compassionate Care Model. Focus group participants affirmed that patients use cannabis as an alternative to prescription drugs, a harm reduction tool, and as an important treatment option for a wide variety of conditions, and that the State and City needed to appropriately recognize this as a significant benefit to individuals with medical needs. Participants also noted that the current medical cannabis structure and future adult use system would not have been possible without the steadfast dedication of the current medical cannabis community, and, for that reason, the City should elevate those needs.

With regard to the current and future landscapes, one participant noted that patients are currently benefitting from an increase in available products as new dispensaries enter the medical market and lowered prices due to increased market competition, further noting that in the newly regulated market, patients can also expect to benefit further from guidelines designed to make cannabis and cannabis products safer. This participant stated that patients they have encountered feel excited, but also apprehensive and uncertain about how the medical and adult use markets will affect one another and how new regulations will affect the medical cannabis market, specifically. This individual believed that these feelings would remain until State and local medical and adult use legislation and regulations are finalized, and that the longer that process takes, the more uncertainty the cannabis industry will experience.

One overarching concern across focus groups was that current State law[5] does not allow for compassionate care to continue in San Francisco in the way that patients have accessed it in the past, access it currently, and envision it for the future. Focus group members felt that if this issue is not addressed, the City runs the risk of eliminating compassionate care altogether. One meeting participant noted that, though the pending State medical and adult use cannabis regulatory systems should be streamlined wherever possible for efficiency purposes, this was an area where the adult use and medical cannabis markets should differ significantly. Underlying concerns stemming from these statements were as follows:

- *Cost for Patients.* Participants in each focus group highlighted the issue of cost for patients in the newly regulated medical cannabis market, especially for low-income and indigent patients, immobile patients, and those experiencing homelessness. To some participants, the cost of

[5] These concerns would also apply to any provisions within the current proposed local ordinance that codify the relevant State law provisions.

medical cannabis is already at unaffordable levels for many, and patients and patient advocates in each focus group were concerned about the ability for them to access the market in the face of new State and local regulations, where the regulatory cost would likely be passed on to consumers. There was also concern about the added burden of State and (possible) local taxation structures. According to some, patients generally prefer regulated, lab-tested medical cannabis, but one serious consequence of exorbitant taxes would be a proliferation of the illicit market, where medical cannabis would likely be cheaper. State law does exempt medical cannabis patients with the aforementioned State-issued card from State sales tax,[6] but there was consensus across focus groups that this exemption does not go far enough to reduce cost barriers for patients.

- *Prohibition against Samples, Free and Discounted Cannabis.* State Law currently prohibits the giving away of cannabis and cannabis products as part of a business promotion or commercial activity.[7] This has been interpreted to disallow the giving of cannabis samples and cannabis/cannabis products at discounted or no cost to individual consumers and/or other businesses, which are current practices in San Francisco's medical cannabis market. Participants across the focus groups were strongly opposed to these State law provisions since, according to them, such practices are critical for maintaining a functional compassionate care program. For example, patients rely on samples to test products in hopes of finding one that alleviates symptoms, and it would be cost-prohibitive for patients to instead have to purchase each item at full price at the outset.

  Further, State law also requires that all cannabis and cannabis products be tagged with a unique identifier, known as a "track and trace" system.[8] There was a concern that this could conflict with any local policy allowing for donations or samples, since those cannabis items would not be moving through the commercial system the way State law currently envisions. For example, some medical cannabis businesses currently receive anonymous cannabis and cannabis product donations that they then distribute to patients, and such a track and trace system would deter those donors from continuing a practice that, in their view, facilitates continued and affordable access for low-income patients.

- *Phased Elimination of the Collective/Cooperative Model.* In establishing a State-regulated medical cannabis market, State law also eventually phases out the current collective/cooperative medical cannabis model.[9] According to focus group participants, this would eliminate a critical community-sharing element of San Francisco's current compassionate care practices.

---

[6] The Adult Use of Marijuana Act – Proposition 64, Section 34011.

[7] Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26153.

[8] The Adult Use of Marijuana Act – Proposition 64, Section 26170.

[9] Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 11362.775

- *Product Type and Dosage Inflexibility.* Current State law limits edible cannabis product THC content to 10 milligrams per serving size in both the medical and adult use markets,[10] and previously proposed State regulations[11] limited the total THC amount per package to 100 milligrams. The proposed State regulations also placed a 1,000-milligram THC limit on non-edible cannabis products in both markets.[12] Focus group participants identified two main problems with this approach. First, there is often a need for patients to consume higher dosages than individuals in the adult use market because medical condition treatment plans and cannabis metabolism rates differ per individual, and, since State law does not currently allow for patients to obtain cannabis at little to no cost, this limitation would require patients to purchase multiple products to reach their required dosage levels, which is cost-prohibitive. Second, some participants noted that the pending State cannabis regulations would likely limit the types of edible cannabis products that can be produced, which they felt would provide primarily for preservative-heavy and sugar-laden products, lead to high caloric intake among patients if they must consume multiple servings, and create potential health issues as a result.

- *Cannabis License Fees.* Some focus group participants cited State and (possible) local cannabis permit fees[13] as a potential cost barrier for true compassionate care businesses that wish to continue providing cannabis and services to low-income patients in San Francisco.

- *Medical Cannabis for Patients Under 18.* State law currently prohibits the production of cannabis products that are considered appealing to children.[14] Focus group participants noted that some children who use medical cannabis would benefit from products that are designed to make consumption palatable for them.

Lack of Dedicated Consumption Spaces for Patients. All focus groups noted that, for medical cannabis patients, consuming their medicine is often a social experience that is important for the healing process, and that there were not enough existing spaces in San Francisco for this purpose.

Driving Under the Influence Determinations. There was concern in one focus group about the process the State and City will undertake in determining whether an individual is driving under the influence. A process that considers only whether THC is present in the system, and not whether driving is actually

[10] Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26130 (c).

[11] *See* California Department of Public Health Proposed Regulations Comment Summary and Response, available at https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20(Final%20on%20CDPH%20Letterhead).pdf.

[12] *See* California Department of Public Health Proposed Regulations Comment Summary and Response, available at https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20(Final%20on%20CDPH%20Letterhead).pdf.

[13] Local cannabis permit fees have not yet been determined, but focus group participants thought they would likely be a cost barrier once established, especially when considered alongside a State license fee.

[14] Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26130 (c).

impaired as a result, will negatively affect patients, especially those who require relatively high THC doses as part of their treatment plans.

Safe Consumption Information for Patients. Meeting participants noted that safe consumption information currently varied across dispensaries, which could lead to misinformation and unsafe patient consumption practices.

C. State Medical Cannabis Identification Card – Focus Group Responses

3. What is the general feeling among patients about the State medical cannabis ID card? Do people generally know how to apply, where to get it and that there is a fee associated with obtaining it?

Responses to the above questions are noted below.

There was general consensus across focus groups that many patients in San Francisco are currently unaware of the State card program and/or how to obtain a card. Participants noted that some current businesses were not appropriately applying the State sales tax exemption for medical cannabis patients who possess the card, and that this would likely continue without widespread education about the program for business owners, their employees and medical cannabis patients. One participant suggested that the Health Department lead this educational effort and increase accessibility by also educating providers that do not commonly interact with medical cannabis patients and may be unfamiliar with program guidelines, and developing informational materials for display at dispensaries and doctors' offices.

With the onset of adult use commercial activity and consumption, there was a concern that medical cannabis patients may bypass the medical market and instead obtain cannabis in the adult use market due to public stigma surrounding medical cannabis use, as well as misconceptions about the type of information that is stored within the medical cannabis identification program database and how that may affect current/future employment opportunities and the ability to purchase a firearm.[15]

In contrast, one participant noted that it was difficult to predict the effect of the adult use market on the MMIC program, but suggested that increased taxation levels for medical cannabis and a possible lack of San Francisco-based adult use retailers in early January, 2018, may significantly increase State card utilization. Others felt that adult use legalization and consumption would have a positive effect on the medical market and card utilization, since more people would be comfortable with cannabis use in general.

[15] The Bureau of Alcohol, Tobacco, Firearms and Explosives issued a memorandum to all firearms licensees in 2011 clarifying that federal law prohibits unlawful users of controlled substances, as defined by the federal Controlled Substances Act, from receiving or possessing firearms or ammunition. *See* Bureau memorandum, available at http://71.11.3.134/share/PDF/ATFOpenLetter092111.pdf.

D. Ideas and Suggestions – Focus Group Responses

4. Do you have ideas and suggestions about how the City could address the concerns you've mentioned? For example, what would the elements of a compassionate care program be in San Francisco?

Responses to the above questions are noted below.

City Advocacy at the State Level to Preserve Current Compassionate Care Programs. Each focus group highlighted the need for the City to advocate at the State level to allow:

- businesses to provide cannabis samples and cannabis free of charge and/or at a discounted cost to medical cannabis patients
- anonymous donations to compassionate care locations
- businesses to produce high dosage products for medical cannabis patients

Focus group participants felt that such advocacy would allow compassionate care to continue in the City in its current form.

Establish a Citywide Compassionate Care Program. Within the context of the aforementioned State level advocacy, focus group participants thought the City could create a program with the following possible characteristics:

Program Eligibility Criteria. Using income as the overarching criterion, San Francisco residents with medical cannabis need who are enrolled in Medi-Cal (or would qualify if they applied), low-income seniors (i.e. individuals over 50), immobile patients, and veterans would qualify for the City program. To capture as many individuals as possible, the City could also consider enrollment in other existing programs serving low-income San Franciscans as proof of compassionate care program eligibility. To limit the risk of federal intervention and adverse consequences for patients who receive federal assistance, the City could use the current MMIC application process as a record retention model. Focus group participants also highlighted the importance of discretion and preserving the confidentiality of those accessing the program.

Program Elements. Focus groups put forth the following possibilities:

- Program participants would be able to purchase medical cannabis and any medical cannabis product at cost of production.
- Program participants would be able to access current compassionate care services at individual medical cannabis dispensaries, e.g. samples, cannabis and cannabis products at little to no cost,
- San Francisco could create event permits for compassionate care events across the City, where patients and businesses could provide samples, share cannabis and cannabis products, and provide free or discounted cannabis to program participants.

- San Francisco could allow current medical cannabis collective/cooperative businesses to continue their operations as they currently exist.
- Any reduced cost policies the City establishes for patients would also apply to adult use cannabis and cannabis products.
- Some participants specifically referenced a 2007 San Francisco Board of Supervisors resolution[16] that encouraged cannabis dispensaries to establish compassionate care programs, noting that it already includes many principles that the City could codify Citywide (e.g. prioritizing seniors and veterans).

Citywide Compassionate Care Card. Separate from the State-issued medical cannabis identification card, a county-based card could be issued to individuals who qualify for the program. Some focus group participants referenced a previous San Francisco county medical cannabis identification card program that was deactivated with the establishment of the State-issued card, suggesting that the City's card program could be reactivated for this purpose. Focus group members also felt the card should be issued at little to no cost to program participants.

Program Funding Mechanisms. Focus group participants suggested that a fund be established to support the City's Compassionate Care program in whatever form(s) it eventually takes. Due to the inability for many cannabis businesses to access banking services, it was advised that the City create the fund and that a stakeholder group that includes cannabis businesses oversee the fund's revenue allocation process. Some focus group participants suggested that the fund also be used to subsidize the licensing fees for compassionate care businesses and/or the operating costs of a compassionate care community center suggested elsewhere in this report. Focus groups suggested three main funding mechanisms:

- *Round-Up Mechanism.* At the point of sale in either the medical or adult use markets, consumers could choose to donate to the fund by "rounding up" the cost of their purchase. For example, if a consumer purchased a cannabis product at 47 dollars, the total price could be rounded up to 50 dollars, with the remaining three dollars donated to the program.
- *Business contributions.* Under this model, cannabis businesses would be required to set aside a portion of their profits to fund the program, or the City could instead make such contributions voluntary. Some participants preferred a voluntary option to a mandated contribution.
- *Business Program Start Up Funds.* Here, cannabis businesses would voluntarily contribute immediate funding for the program, with the City then assuming responsibility for continued funding after the initial contribution.

[16] See San Francisco Board of Supervisors 2007 Resolution urging Medical Cannabis Dispensaries to Implement Compassionate Care Programs to Serve Low and No Income Patients, available at http://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0623-07.pdf.

City Advocacy at the State Level to Support Additional Compassionate Care Aspects. In the course of discussion, focus group participants highlighted other areas where advocacy would be needed to further support compassionate care goals.

- *Exempt Medical Cannabis Cultivators from Taxation.* According to some, establishing a tax exemption for medical cannabis cultivators would incentivize them to donate to compassionate care programs and increase cannabis availability for patients.
- *Donate Seized Cannabis and Cannabis Products to Compassionate Care Programs.* When cannabis is seized as a result of law enforcement intervention, some focus group participants felt it should not be destroyed. Rather, it could be donated to the City's compassionate care program and subsequently redistributed to patients.
- *Create Cannabis Product Exemption for Children with Medical Cannabis Needs.* The City should allow cannabis products that may be appealing to children to be provided for those with medical need.
- *Expand the types of cannabis products to include healthier options.*
- *Discourage the narrowing of qualifying conditions.* The City should view individual interactions between patients and physicians as the primary mechanism for determining whether medical cannabis use is warranted.
- *Create employment protections for medical cannabis card holders and compassionate care program participants.*

Establish a Municipal Growing Framework. Some focus group participants felt the City should consider municipal cultivation as a way to provide cannabis at lower cost to patients. City voters passed Proposition S in 2002,[17] which urged the City to explore this option, and the aforementioned focus group participants would support further discussion and action on this issue.

Create Additional Consumption Locations for Patients. Each focus group highlighted a need for additional medical cannabis consumption (i.e. smoking, vaping and product ingestion/use) locations in the City, especially if federal law continues to prohibit consumption in public housing. Some participants advocated for separate medical use consumption spaces to preserve a treatment-based environment for patients, adding that such spaces should not require a minimum purchase level in order to access the consumption area. Others underscored the need for community centers where patients can both consume their medicine and engage in harm reduction programs and activities, suggesting that the City reserve spaces in the City where such community centers can thrive and subsidize operational costs for those centers.

[17] *See* Proposition S language and ballot results at https://sfpl.org/pdf/main/gic/elections/November5_2002.pdf and https://sfpl.org/index.php?pg=2000027201&propid=1683.

Prioritize Delivery Services. For many immobile patients, medical cannabis delivery services are critical and should be prioritized within the City's cannabis regulatory framework.

Reinstate Historical Compassionate Care Locations. According to some focus group participants, a number of compassionate care locations were closed in the past due to federal intervention or an inability to thrive within the City's Medical Cannabis Act (Article 33) framework. Those participants felt the City should assist these businesses in re-establishing themselves in San Francisco in order to strengthen the compassionate care network.

Reduce Fee for State Medical Cannabis Identification Card. To increase affordability, the City should lower the current cost of the State-issued medical cannabis identification card.

Establish Patient Advisory Committee. The City should establish an advisory committee, consisting primarily of a diverse set of medical cannabis patients, and possibly businesses, to oversee the process of establishing and maintaining a compassionate care program.

Education for Patients and Recommending Physicians. Safe consumption information should be distributed to patients, and this information should be standardized across dispensaries and compassionate care locations in the City. Physicians must also be properly educated about how to provide cannabis recommendations that allow dispensaries to provide the correct cannabis treatment options.

A Successful Compassionate Care Framework in San Francisco – Focus Group Responses

Focus groups also discussed the need to ensure that San Francisco's compassionate care framework is successful, and made the following suggestions for how success could be defined:

- *Patients with Real Medical Need are Able to Access Cannabis at Affordable Cost.* Here, focus group participants advised the City to establish a robust educational campaign for the compassionate care program that uses a variety of communication outlets, including television, radio, and newsprint, to promote the program and ensure that there is widespread and far-reaching patient participation. Participants also suggested that the City develop a survey that would provide useful feedback for the City as to medical cannabis accessibility. Finally, it was suggested that the City consider mechanisms to prevent abuse of the program and hence ensure that patients with actual need are able to easily participate.

- *Cannabis Businesses of Varying Size are Able to Participate in the Program.* In this regard, one participant encouraged the City to consider the impact of any compassionate care program requirements on businesses of varying size and avoid creating a system that rewards non-compliance or places an undue burden on smaller businesses that will find it more difficult to absorb the cost of new State and local medical cannabis business regulations. That individual went on to note that establishing a compassionate care program would likely be an iterative process, since there is uncertainty at the moment about how the adult use market will fare in

San Francisco, so transparency about the program and how businesses can comply will be critical, especially during the initial implementation period.

Some focus group participants felt that the aforementioned patient advisory committee could be tasked with providing ongoing guidance to the City in this area.

V. Findings & Recommendations

Based on Focus Group comments and concerns raised in the sessions by participants, the report finds the following, and makes associated recommendations:

Finding 1 – Continued Access to Medical Cannabis: The City has a long history of providing medical cannabis to patients, and this access to should continue in 2018 and beyond.

Recommendation:

A. The City should require all retailers to maintain medical use as a condition of their permit.
B. The City should further prioritize permit processing for medical only applicants.

Finding 2 – Cost Concerns: There are concerns that patients, particularly low income and indigent patients, will not be able to afford medical cannabis.

Recommendation:

A. Compassion programs should be targeted to low income and indigent populations, veterans, and patient populations who can identify need.
B. The City should remain thoughtful about the tax burden on the medical cannabis supply chain and patient consumers when crafting a local tax structure.
C. The City should allow samples in certain circumstances, to allow patient consumers to test products before having to purchase products at full or reduced cost.
D. The City should advocate for dosage flexibility for medical products at the State level if higher dosage levels are not addressed in emergency regulations this November.

Finding 3 – Clarity and Advocacy for State Allowance of Compassion Programs: Stakeholders would like the City to advocate for Compassion Programs that reflect San Francisco's values.

Recommendation:

A. The City should advocate to the State to allow counties to maintain compassion programs, and provide clear regulations related to compassion programs within the M-Type supply chain.

Finding 4 – Preservation of Compassionate Care Model: The compassionate care model has provided patients with access to medicinal cannabis, is an important harm reduction tool, and these programs should be maintained.

Recommendation:

A. Similar to the mandate passed unanimously by the Board of Supervisors in File No. 071505 (2007),[18] the City should create a compassion program or allow for retailers to establish their own compassion program. Descriptions of these programs and how the program will meet track and trace requirements should be detailed in their application for an Article 16 permit.
B. The City should consider the creation of nonprofit licenses for compassionate care programs in 2018. This could include contemplating a lower license fee.
C. The City should allow for flexibility in implementing a Compassion Program. An example of this is the City could create a Compassion Fund administered by the City. In lieu of creating an onsite program, retailers could provide a percentage of monthly gross revenue to this fund to offset licensing fees for future nonprofit permit permits and costs of products.

Finding 5 – Determine Eligibility: There is a need to create eligibility criteria that is discrete and confidential to ensure patient privacy.

Recommendation:

A. The City should leverage should leverage its existing programs, such as the Medical Marijuana Identification Card (MMIC) program, as a pathway to a) determine eligibility and 2) provide a method by which patients can prove their eligibility to retailers or potential nonprofits. This resource should be provided at little to no cost to the patient.

Finding 6 – Consumption Space: Consumption of medical cannabis can be a social experience, therefore, patients would like spaces to be provided that allow for social consumption.

Recommendation:

A. The City should encourage the retention of existing Medicinal Cannabis Consumption Space.
B. The City should disallow retailers from mandating a certain amount of product be purchased in order to access the onsite smoking/vaping/consumption lounge.

Finding 7 – Safe Consumption Information: Patient consumers would benefit from having access to consistent education related to safe consumption.

Recommendation:

A. The Department of Public Health should create fact based information to be provided to all consumers including patients at the point of sale.

Finding 8 – Advocacy for Patient Community: The City would benefit from continued advice from patients, patient advocates, and businesses.

---

[18] San Francisco Board of Supervisors, File No. 071505, 2007. http://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0623-07.pdf.

Recommendation:

A. The City should amend the Cannabis State Legalization Task Force membership to ensure a broad set of stakeholders representing patient advocacy are reflected in the makeup of the body, and can further inform and advise future task force recommendations, notably about the evolution of policy related to compassion programs. One of these members should have experience in running a non-profit compassion program.

Finding 9 – Data & Accountability: The City needs to gather data and report out on it regularly to ensure we are iterating our policies and meeting our goals.

Recommendation:

A. The Office of Cannabis and the Health Department should continue to monitor the effects of cannabis legalization on medical cannabis use in San Francisco.
B. Data collection should be consistent with patient privacy guidelines, and should be incorporated into the Office of Cannabis' overall data management strategy.
C. The Office of Cannabis in collaboration with the Department of Public Health should provide a report and recommendations to further inform the City's path forward with medical cannabis by December 31, 2018.

Somera, Alisa (BOS)

From: Board of Supervisors, (BOS)
Sent: Tuesday, November 28, 2017 6:25 PM
To: BOS-Supervisors; BOS-Legislative Services
Subject: FW: Strict Legislation Regulating Cannabis Disprnsaries

From: Carrie Riley [mailto:carriehuminski@gmail.com]
Sent: Tuesday, November 28, 2017 2:43 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Strict Legislation Regulating Cannabis Disprnsaries

Dear Madame(s)/Sir(s),

As a parent of multiple children attending a Catholic elementary school serving San Francisco, I am asking for specific provisions to protect my neighborhood as family and child friendly places to live. I forsee the legalization of marijuana for adult recreational use, and its subsequent approval of local dispensaries, compromises this protection.

Any cannabis establishment that lies within proximity to commute routes and schools for children elevates their awareness of pot use in the area and makes its use seem more acceptable. The potential for children to see - and smell - pot use off site of the dispensary facilities at places such as various markets, restaurants, other businesses and parking lots is a concern. The fact is that the use of marijuana is linked to the disruption of brain development. Exposing young children to marijuana use is not a positive thing.

This is not a unique parent viewpoint, but one that should be obviously upheld as a societal norm.

We would like to protect our children as much as possible by having the new law include these provisions:

- Maintain the existing law that marijuana/cannabis should not be sold within a 1,000-foot radius of any K-12 school.
- Ensure daycare centers, preschools, youth centers and clubs, and children's branches of the public libraries are among those facilities protected by 1,000-foot buffer zone
- Retain a conditional use permit for all establishments where marijuana/cannabis is sold. This allows the city to consider uses which may be essential or desirable, but which are not allowed as a matter of right within a zoning district, through a public hearing process. A conditional use permit can provide flexibility within a zoning ordinance.
- Require separate oversight and public hearings before approval of cannabis smoking lounges.

I am urging you to consider this email as a representation of many voices of our community.

Warm Regards,
Carrie Riley

Nicole Elliott, Director
Mayor's Office of Cannabis
1 Dr. Carlton B Goodlett Way
San Francisco, CA 94102

Commercial Cannabis Regulations: Comments & Recommendations
Arab American Grocers Association (AAGA)

Thank you to the Office of Economic and Workforce Development and the Office of Cannabis for hearing stakeholder feedback thus far. In August of this year, Mayor Lee held a meeting with members of the Arab American Grocers Association and the corner store and convenience store sector to discuss economic injury resulting from recent legislation, particularly File No. 17044 Health Code Ban on Flavored Tobacco, Article 19H of the Health Code Amending Tobacco Retail License regulations and the redundant and exponential fees levied upon this sector. Sponsoring programming that would bolster the workforce directly through streamlining fees and supporting business development improvements were among the recommendations discussed. Additionally, a working idea to create a pathway for Tobacco license holders to enter the local commercial cannabis market as over 400 businesses including Hookah Lounges, smoke shops, vape retailers and corner stores are in jeopardy of going out of business and have already felt a severe impact due to recent Tobacco regulations. The AAGA also has expressed the following concerns regarding fairness in the local market and preserving economic diversity as commercial Cannabis regulation moves forward: displacement and closure of business at a rapid rate, raising of rents due to Cannabis speculation, month to month leases, evictions, soft-story retrofits, local policies are intentionally strong-arming us out of the retail market, aggressive Formula Retail and Tech (online) taking our place with corner market modeling and cheaper products not to mention Cannabis retailers are selling accessories and comparable merchandise, beverages, and assuming a lot of the ATM business, etc. Applying mandatory postings, regular fee payments and taxes (DPW, DPH, etc. to prevent loitering, illicit activity, weights and measures, sugar tax etc. that are levied on Off-Sale Liquor and Tobacco retailers equally to all business under regulatory frameworks. Will Cannabis laws further restrict radius, clustering, density ordinances that affect tobacco and alcohol, restaurant and food licenses? We are concerned that there few and limited pathways to transition into new markets and when business take the personal risk to do so, they are most often faced with more obstacles i.e. recent laws like the Tobacco Density Retail Ordinance block licensing transfers, create new zoning provisions and create a constant need to make Supervisorial-exceptions for businesses to do routine changes in a changing City. Hardship waivers for licenses relocation, etc. have been discussed in the past but have seen no accountability. The recent Cannabis legislation underlines a commitment to prioritizing San Francisco based small businesses, but there no avenues for participation in the industry for existing businesses of other types, businesses that are adjacent and connected to the Cannabis industry (distributors, consultants, health-care practitioners, logistics companies, etc.), and businesses that are minority owned and devalued due to recent laws and increasingly destabilizing conditions of cost of living in San Francisco? While the Equity Program is a very crucial part in this process we would be curious administering the program in Tiers of priority areas that can be carried over into Phase II, would account for a more comprehensive development of the industry and parties affected by the War on Drugs. Additionally, developing a more concrete workforce development and education component to the Equity Plan (i.e. rather than pay business consultants, etc. empower businesses and employees familiar with existing infrastructure that adheres to regulatory 21+ laws and procedures and thus empowering employees of businesses that are hired locally, frequently from a juvenile background/formerly incarcerated, been rejected from other jobs but have received on the job training and management experience in tangential sectors. We are also curious if a qualifying criteria for Phase I Cannabis regulations has accounted for a wholesome fulfillment of the market and if all parts of the supply chain will be adequately filled from the pool of potential Equity Applicants and existing MCDs? We are also in favor of expanding these recommendations as Accessory-Use regulations are determined in Phase II.

Best,

The Arab American Grocers Association (AAGA)

SFCRA
San Francisco Cannabis Retailers Alliance

Honorable Supervisors,

On behalf of our members, the majority of whom are San Francisco residents from diverse backgrounds, we respectfully ask the Board of Supervisors to include Pipeline MCD applicants for Adult Use Cannabis Retail Permits in 2018.

We share your equity goals and can help create a more equitable industry here in San Francisco.

The SFCRA proposes the following contributions to the Equity Program in conjunction with consideration for Adult Use permits in 2018(please see page 2 for more details):

1. Retail Shelf Space Carve-outs for Equity Business Products
2. Development of an Equity Business No-Interest Loan Fund
3. Contribution of Professional Services
4. Equity Business Training Program
5. Job Creation

In addition to our proposed contributions to the Equity Program, Pipeline Applicants will also help small, local cannabis producers. We need to create markets that will allow small San Francisco cannabis producers, like local edibles or vape manufacturers, to thrive. To do that, we need more retail stores. Many existing dispensaries are vertically integrated; they grow and manufacture many of their own products. They do not need to purchase products from newly permitted San Francisco cannabis producers.

Pipeline MCD applicants will make positive contributions to the San Francisco cannabis industry. We will pledge resources and dedicated shelf space for equity applicants. We want to help build a fair and diverse industry. But given the significant restrictions on the medical market coming January 1, we need a path to adult use in order to do so. Please include us for adult use permits in 2018.

Sincerely,

San Francisco Cannabis Retailers Alliance Leadership

SFCRA Pipeline MCD Applicants' Equity Contribution (Proposed)

Several of the currently existing "pipeline" applicants within the San Francisco system hereby propose the following contributions to the Equity Program in conjunction with consideration for the availability of Adult Use permits in 2018:

1) **Retail Shelf Space Carve-outs for Equity Business Products.** San Francisco will be rightfully aiding the development of equity businesses (non-retail), such as product manufacturers; however, these businesses will have a difficult time entering an already-crowded marketplace full of existing businesses. Further, they will be reliant upon existing retailers, who already have well-developed supply chains and crowded shelf space, as an outlet for their product. Thus, the pipeline applicants propose an agreement to carry, at reasonable market terms, a minimum amount *to be determined* of equity businesses' products - granting valuable shelf space to these businesses and giving them a fair chance to succeed.
2) **Development of an Equity Business No-Interest Loan Fund.** In an industry bereft of financing options due to federally-driven financial institution unavailability, it is important that equity applicants, in all segments of the San Francisco industry, can have some access to funding capital. Thus, the pipeline applicants agree to the formation of a fund from profits which must make a minimum yearly disbursement at an amount *to be determined* for the following five years in order to foster equity businesses.
3) **Contribution of Services.** The pipeline applicants propose a system in which a *to be determined* minimum amount of services is contributed at zero-cost to future equity business applicants. For example, pipeline applicant Travis Kelly, Esq. has pledged 100 billable hours per year for five years as contribution of necessary legal services to equity applicants (e.g. for entity formation, application development, procedural and liability safeguards, etc.). Pipeline applicant Quentin Platt has pledged 100 hours per year for five years for construction related issues and permit expediting. Pipeline applicant Bobby Bruno has pledged 100 hours per year for five years for cultivation consultation and business development training. These are just three applicants, we will deliver many more contributions of service hours if this proposal is approved.
4) **Equity Business Training Program.** The pipeline applicants also propose in-house training and cannabis industry mentorship to equity applicants at a minimum amount *to be determined* in order to foster a community of equity applicants whom understand the industry, while building their network, and assuring the equity businesses' best chances of success in a complicated, crowded, and fast-moving industry.
5) **Job Creation.** The pipeline applicants propose granting industry jobs to equity program applicants in conjunction with said applicants' equity businesses in order to develop a foothold in the industry, while also being assured of the means to survive during the entrepreneurial phases of equity business development which do not come with a paycheck.

Somera, Alisa (BOS)

From: Board of Supervisors, (BOS)
Sent: Thursday, November 16, 2017 3:23 PM
To: BOS-Supervisors; Somera, Alisa (BOS); BOS Legislation, (BOS); Wong, Linda (BOS); Young, Victor
Subject: FW: Dispensaries selling weed

From: Paul n [mailto:pnisbett@hotmail.com]
Sent: Wednesday, November 15, 2017 1:29 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Dispensaries selling weed

To the members of the Board of Supervisors opposed to granting recreational permits to the existing dispensaries :
What are you going to do ? Tell them to stop selling weed on Jan 1 while you get your dream act together?

What about 1 year permits with no automatic renewals ? You've had a year already and proved you are unable to make it happen. Should we really expect anything different in the coming 12 months?
-Paul

Somera, Alisa (BOS)

From: Calvillo, Angela (BOS)
Sent: Tuesday, November 14, 2017 3:22 PM
To: Somera, Alisa (BOS)
Subject: FW: Public Comment: Cannabis Amendments

From: MoonMan's Mistress [mailto:moonmansmistress@gmail.com]
Sent: Tuesday, November 14, 2017 12:07 PM
To: BOS-Supervisors <bos-supervisors@sfgov.org>
Cc: BOS-Legislative Aides <bos-legislative_aides@sfgov.org>
Subject: Public Comment: Cannabis Amendments

To Whom It May Concern,

My name is Jamel Ramiro and I'm a co-founder of a small cannabis paleo edible company in San Francisco called MoonMan's Mistress. I make edibles that are paleo, gluten free, dairy-free, soy free and low glycemic. We believe in healing the body with food and whole plant medicine. We cater to patients with dietary restrictions, auto-immune diseases, and pain management. I have been in commerce since late 2015.

Here is my website: www.moonmansmistress.com

I am writing to state my support for the proposed two-step registration process amendment so that I, like many others in my position, who have not had a chance to find a permitted manufacturing space, will have a path forward and the ability to remain in business under the new regulations.

In addition, it is *essential* that businesses be able to share a space or address with others. 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 the ability to share the huge real estate expense is the only way people like me will be able to make it work. This leads into the equity issue, as those with money always have the advantage when coming into a situation.

In addition, I support the portability of permits, the 18 yr age requirement for employees of M-licensees, technical assistance, need-based fee waivers, and on-site smoking & consumption. We need these to make this a viable market in San Francisco.

In addition, I support everything the SF Cannabis Equity Working Group is asking for including:

* Equity Program to reduce harms of racist Drug War
* Equity Permits for POC & formerly incarcerated people, both in CA and out of state
* Issue Equity Permits before other adult-use permits
* To make Equity possible, reduce buffers to 500 feet

I ask that you take these suggestions seriously, as my future as a small cannabis business in San Francisco is dependent upon especially: being able to register and find an affordable manufacturing space to work in.

Thank you for your thoughtful consideration,

Jamel Ramiro
District 4

Somera, Alisa (BOS)

From: Board of Supervisors, (BOS)
Sent: Tuesday, November 14, 2017 10:56 AM
To: BOS-Supervisors; Somera, Alisa (BOS); Young, Victor; Jalipa, Brent (BOS); Lew, Lisa (BOS); Wong, Linda (BOS)
Subject: FW: I strongly object to the Marijuana dispensaries in the Sunset District

From: Heather Murdock [mailto:hgmurdock@yahoo.com]
Sent: Monday, November 13, 2017 9:34 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>; Tang, Katy (BOS) <katy.tang@sfgov.org>
Cc: hknight@sfchronicle.com
Subject: I strongly object to the Marijuana dispensaries in the Sunset District

Hello Board of Supervisors, especially Norman and Katy
I know this is last minute but I heard you are voting on the medical marijuana dispensary in the Sunset District tomorrow and I would like to voice my strong objection to granting a permit for a dispensary on Irving near Jefferson Elementary School and numerous Day Care centers.

I teach Biology at San Francisco State University, and cover the pros and cons of Marijuana in my classes and there are so many more negatives than positives with this drug. I can see the negatives in my classes with the amount of students that have admitted to using the drug and how many are addicted or have friends with MJ addiction. (Out of 279 students 63 of them (23%) know of someone that is having Marijuana abuse problems, 53% of them know of someone with another type of addiction. Our society has so much substance abuse already and we're just going to add to it with legalization of Marijuana and the proliferation of both medical and recreational marijuana dispensaries.)

While I understand that Medical Marijuana can alleviate many symptoms for people that are in pain, have nausea, eating disorders, PTSD, anxiety, sleep issues, cancer, MS, glaucoma etc. etc. The fact remains that Marijuana is mostly used recreationally and putting a medical dispensary near schools will just further de-stigmatize this drug, making kids think it's okay to use. In California less than 5% of medical marijuana cardholders actually have HIV, glaucoma, Multiple Sclerosis, cancer or other life-threatening diseases. Most of the other medical marijuana users list "chronic pain" or "insomnia", and use it recreationally. (Please note, there is no valid research to date that actually proves marijuana is safe or healthy, despite often being called "medical".)

It's an addictive drug that can cause damage to the nervous system, respiratory system and cardiovascular system. It is also considered a "Gateway Drug" since many Marijuana users build up a tolerance for MJ and need to move onto a more potent drug to get the "high" that they are craving. Since legalization in other states there have been more instances of ER visits due to MJ (especially children ingesting edibles), fatal car crashes, animals being subjected to MJ, etc. etc..

If people need MJ for medical purposes there are plenty of delivery services that can bring the drug to their home. I don't think we need to subject our neighborhood to more drug use because the drug industry would like to make more money. We all know this is just a money issue - not a public service issue. Legalizing marijuana is actually going to harm our society in the long run and cost us more in health care, substance abuse programs, mental health programs, unemployment and welfare costs, and it will decrease the quality of life and cause family strife for so many users.

I was very much against legalizing it in the 1st place and I'm just going to attach the letter that I wrote to L.G. Gavin Newsom since my opinion has not changed since then and the letter has the information that I think you should be considering about Marijuana in general. I'm also ccing Heather Knight from the San Francisco Chronicle since she wrote a piece attacking your debate on granting dispensaries in the city recently. I'm glad you're considering the 1000 ft rule as well as the 600 ft buffer. I think Newsom, the Board of Supervisors, and the Chronicle staffers needs to research the adverse affects of Marijuana a little more before promoting more drug use in San Francisco.

I have kids and don't want them to think using Marijuana is "Okay" because it is so accessible, advertised everywhere we go, accepted and portrayed as "medical". When I asked my students how many of them got any sort of Marijuana education in elementary, middle or high school less than 10% of them raised their hands - most of them had no idea the

adverse affects of marijuana on their bodies and for some of them it's a little late since they are already hooked. I've had plenty of friends that have had life long problems due to their marijuana usage as teens so I really do not like this drug.

Here's more info in the letter I wrote before the election: August 2016

ar Lieutenant Governor Gavin Newsom and the San Francisco Chronicle

I'd like to explain some adverse effects of marijuana, so that the voters are better educated on the subject before we rush to legalize.

Here are some conclusive facts about marijuana:

- When the psychoactive ingredient in marijuana, THC binds to the cannabinoid receptors meant for our own natural chemicals, it causes an array of harmful effects, especially on the brain, heart and lungs.
- THC is particularly damaging to the brains of teens and young adults because their brains are not fully mature until around 25 and the THC can cause permanent damage.
- Marijuana affects the areas of the brain that control memory, mood, motivation, motor coordination, decision-making, communication, pain, pleasure, appetite, judgment, reward, learning, alertness, self-conscious awareness, concentration and addiction.
- It also increases the incidents of mental illnesses such as depression, panic attacks, paranoia, anxiety and schizophrenia. Exposure to marijuana increases the risk of developing schizophrenia in people with genetic vulnerability by 40%.
- Frequent marijuana usage can lower IQ, educational outcome and job performance.
- Marijuana usage increases the risk of heart attack, stroke, chronic bronchitis and other health issues.
- Marijuana is very addictive. There are **4.4 million Americans addicted to Marijuana**! One reason is that the THC potency has increased from 3-5% in the 60's to 15 – 25% in 2015. This stronger potency effects brain structure, function, addiction, IQ and psychosis more.
- Marijuana is often a "gateway drug" with users moving to harder drugs like crack, cocaine, heroin, methamphetamines, and Oxycontin.
- Marijuana usage can be fatal. There are over 3000 traffic fatalities per year associated with impaired driving due to marijuana. This number will increase with legalization, as will the number of violent crimes, job-related injuries, overdoses from harder drugs and suicides.
- Some people argue if alcohol and tobacco are both legal shouldn't marijuana be legal as well? Alcohol and tobacco both do a great amount of damage to our society, but that's not a rational argument to add more damage to the population by increasing addiction and health issues with one more dangerous substance. Out of the 158 million Americans that consume alcohol 10-15% are addicted (there are similar addiction rates for the 19 million marijuana users) and 88,000 die from excess alcohol usage yearly. Out of the 58 million tobacco users in American at least 60% are addicted, and tobacco causes 148,000 deaths per year. We currently spend more than 600 billion dollars a year on health care for substance abuse. It's reprehensible to legalize yet another drug to add to these statistics.
- Marijuana can alleviate pain and suffering and increase appetite, but should only be used for medicinal purposes for people with severely debilitating health issues. In California less than 5% of medical

marijuana cardholders actually have HIV, glaucoma, Multiple Sclerosis, cancer or other life-threatening diseases. Most of the other medical marijuana users list "chronic pain" or "insomnia", and use it recreationally. (Please note, there is no valid research to date that actually proves marijuana is safe or healthy, despite often being called "medical".)

- Marijuana usage is also linked with decreased fertility, increased sexually transmitted infections, unplanned pregnancies, preterm labor, increased ER visits, child neglect and animal poisonings.
- The costs associated with increased marijuana usage far outweigh the revenue we will receive in taxes if legalization goes through. Some propose that the revenue could be used for education. This is ironic since we'll be making it more accessible and acceptable for out youth to use a substance that damages their brain, lowers their IQ and motivation, increases dropout and expulsion rates and leads to lower paying jobs and life satisfaction.

In conclusion: legalizing marijuana will cause MORE...usage in teens, addiction, overdoses from harder drugs, crime, incarceration, higher enforcement needs, traffic fatalities, educational decline, unemployment, detrimental health issues including mental illness, healthcare costs, homelessness, and ruined lives. We should be concentrating on education and prevention in order to DECREASE the use of marijuana, so that we have a healthier, safer, saner, more functional society.

Thank you for your consideration,
Heather Murdock, SFSU Biology Lecturer

References:

Claire D. Advokat, Joseph E. Comaty, Robert M. Julien. *Julien Primer of Drug Action: A comprehensive Guide to the Actions, Uses and Side Effects of Psychoactive Drugs.* 13th edition.. Worth Publishers, NY 2014

Nora D. Volkow, M.D., Ruben D. Valer, Ph.D., Wilson M. Compton, M.D. and Susan R.B. Weiss, Ph.D., "Adverse Health Affects of Marijuana Use", The New England Journal of Medicine. June 4, 2014.

William J. Bennet and Robert A. White, *Going to Pot: Why the Rush to Legalize Marijuana is Harming America*, Center Street Hatchett Book Group, NY 2014

Heather Murdock, *Fundamentals of Human Biology and Health*, 3rd edition, Cognella Inc., U.S.A. 2013

Melissa Healy "Regular Pot Smokers have Shrunken Brains, Study Says", 11/14/14, L.A. Times.com

What The Mind Hungers For: The Craving Brain World Science Festival with Panel of Brain Scientists: Nora Volkow, Eric Nestler, Kim Janda, Amire Levine, 2014, https://www.youtube.com/watch?v=p0lL1MN2yCs

"Heroin Use in US Reaches Epidemic Numbers", Reuters, July 7, 2015, https://www.yahoo.com/health/heroin-use-in-us-reaches-epidemic-numbers-123474454392.html

Addiction on the Brain presentation by Katie McQueen, https://www.youtube.com/watch?v=iSFCMOa4Xyk

Alex Dobuzinskis, "Casual pot use causes brain abnormalities in the young: study", April 16, 2014, http://www.reuters.com/article/2014/04/16/us-usa-marijuana-study-idUSBREA3F04F20140416

Somera, Alisa (BOS)

From: Calvillo, Angela (BOS)
Sent: Tuesday, November 14, 2017 10:50 AM
Subject: FW: Public Comment: Cannabis Amendments

From: liz rudner [mailto:liz@moonmansmistress.com]
Sent: Tuesday, November 14, 2017 10:38 AM
To: BOS-Supervisors <bos-supervisors@sfgov.org>; BOS-Legislative Aides <bos-legislative_aides@sfgov.org>
Subject: Public Comment: Cannabis Amendments

RE: public comment for:
11/14/2017 Tues SF City Hall 2PM ~ Board of Supervisors

Dear Board of Supervisors,

My Name is Liz Rudner and I'm a co-founder of a small cannabis paleo edible company in San Francisco called MoonMan's Mistress. I make edibles for that are gluten free, dairy-free, soy free and low glycemic. We believe in healing the body with food and whole plant medicine. We cater to people with dietary restrictions, auto-immune diseases, and pain management. I have been in commerce since June 2015. Here is my website: http://www.moonmansmistress.com/

I am writing to state my support for the proposed two-step registration process amendment so that I, like many others in my position, who have not had a chance to find a permitted manufacturing space, will have a path forward and the ability to remain in business under the new regulations.

In addition, it is *essential* that businesses be able to share a space or address with others. 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 the ability to share the huge real estate expense is the only way people like me will be able to make it work. This leads into the equity issue, as those with money always have the advantage when coming into a situation.

In addition, I support the portability of permits, the 18 yr age requirement for employees of M-licensees, technical assistance, need-based fee waivers, and on-site smoking & consumption. We need these to make this a viable market in San Francisco.

In addition, I support everything the SF Cannabis Equity Working Group is asking for including:

* Equity Program to reduce harms of racist Drug War
* Equity Permits for POC & formerly incarcerated people, both in CA and out of state

* Issue Equity Permits before other adult-use permits
* To make Equity possible, reduce buffers to 500 feet

I ask that you take these suggestions seriously, as my future as a small cannabis business in San Francisco is dependent upon especially: being able to register and find an affordable manufacturing space to work in.

Thank you for your thoughtful consideration,

Liz Rudner
District 5

Somera, Alisa (BOS)

From: Calvillo, Angela (BOS)
Sent: Monday, November 13, 2017 2:47 PM
Subject: FW: Public Comment: Cannabis Amendments

From: bridget may [mailto:bridget@littlegreenbee.net]
Sent: Sunday, November 12, 2017 11:47 PM
To: BOS-Supervisors <bos-supervisors@sfgov.org>; BOS-Legislative Aides <bos-legislative_aides@sfgov.org>
Subject: Public Comment: Cannabis Amendments

RE: public comment for:
11/13/2017 Mon SF City Hall 10AM Rules Committee
11/13/2017 Mon SF City Hall 1:30PM Land Use Committee
11/14/2017 Tues SF City Hall 2PM ~ Board of Supervisors

Dear 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. I have been in commerce since late 2015. Here is my website:

http://www.littlegreenbee.net/

I am writing to state my support for the proposed two-step registration process amendment so that I, like many others in my position, who have not had a chance to find a permitted manufacturing space, will have a path forward and the ability to remain in business under the new regulations.

In addition, it is *essential* that businesses be able to share a space or address with others. 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 the ability to share the huge real estate expense is the only way people like me will be able to make it work. This leads into the equity issue, as those with money always have the advantage when coming into a situation.

In addition, I support the portability of permits, the 18 yr age requirement for employees of M-licensees, technical assistance, need-based fee waivers, and on-site smoking & consumption. We need these to make this a viable market in San Francisco.

In addition, I support everything the SF Cannabis Equity Working Group is asking for including:

* Equity Program to reduce harms of racist Drug War
* Equity Permits for POC & formerly incarcerated people, both in CA and out of state
* Issue Equity Permits before other adult-use permits
* To make Equity possible, reduce buffers to 500 feet

I ask that you take these suggestions seriously, as my future as a small cannabis business in San Francisco is dependent upon especially: being able to register and find an affordable manufacturing space to work in.

Thank you for your thoughtful consideration,

Bridget May
District 9
Little Green Bee
(415) 652-1335

SUPERNOVA WOMEN

Re: November 13 Land Use and Rules Committee Meeting Discussion of Draft Cannabis Ordinances

Dear Members of the San Francisco Board of Supervisors:

We write today to applaud the City and County of San Francisco's efforts to consider and enact meaningful measures to create and ensure equity in the San Francisco's cannabis licensing program. Since our founding, Supernova Women has espoused certain priorities and policy platforms. Central to our organization is the belief that people of color should be meaningful stakeholders in the emerging state-authorized cannabis industry. Our efforts to date have centered on addressing those barriers to entry over which we felt we had some control, namely, providing visibility, education, and outreach to our communities. However, such effort cannot result in the change we hope to see in the industry without champions of social policies such as those proposed by members of the Board including Supervisor Cohen and the SF Cannabis Equity Working Group.

Importantly, land use and zoning are key elements of a successful equity program. If the aim is to empower through economic opportunity those communities the tech boom in San Francisco has failed to benefit, zoning that allows for the greatest use of real estate with little to no restrictions as it pertains to the location of an equity business (and its host business as may be the case) is essential. Oakland when it considered equity over a year ago was faced with a 2 percent commercial vacancy rate. Santa Rosa, which has lead the region in cannabis policy and permitting has a commercial vacancy rate of five percent. With space being a premium, an equity program that fails to adjust its sensitive use radius for such businesses is set to fail. We applaud the sensible approach to zoning restrictions championed at various meetings, and urge the Supervisors to consider a buffer zone of 0 feet as it pertains to non-retail storefront equity owned businesses (in fact, all non-storefront businesses should be afforded such treatment). Additionally, we believe that all districts of the city should be treated similarly. An equity applicant should not be expected to open a business in their particular district. Indeed, business reasons and differentiation should encourage expansion of eligible zoning to the entire city, not solely the districts currently used for cannabis businesses.

Beyond zoning, we encourage the Supervisors to consider creating a meaningful equity program that captures the policy that motivated legalization passing in 2016: making amends for the over policing and incarceration of African Americans residing in California. Nowhere is that over policing more apparent than in San Francisco where we still see African Americans experiencing felony drug arrest rates that are **ten times higher** than San Franciscans of other races, which is **nearly two and a half times higher than African Americans residing elsewhere in California.** Given the ongoing disproportionate impact on San Francisco's shrinking African American community, we encourage immediate, meaningful change to the cannabis licensing program as follows:

- **Expanded eligibility criteria to reflect continued disproportionate impact of drug laws on African Americans**: If in 2016 African Americans in San Francisco are still being arrested for drug related reasons, ending eligibility with 2009 seems premature. To that end we offer up the following amendment to Supervisor Cohen's equity proposal at Section 1604(b)(5):
    - (B) Was arrested or convicted during the period of 1971-~~2009~~2016 , provided the arrest or conviction meets any of the criteria set forth in subsection (a) of Section 4904 of the Police Code
    - (D) Has a parent, sibling, or child who was convicted in the state of California during the period of 1971-~~2009~~2016 for a nonviolent crime, or for a crime relating to the sale, possession, use, manufacture, or cultivation of cannabis
    - We note that residency is different from conviction, and as such the treatment of such time periods should not be parallel.
- **Without capital, equity programs will flounder.** San Francisco equity businesses should be able to avail themselves of the Emerging Business Loan Fund. Without access to capital businesses that face an effective tax rate of over 40% will find themselves hard pressed to grow as demand for cannabis increases post 2018. To further illustrate the tax burden cannabis businesses face, we would direct Staff and the Members to a recent study released by Fitch Ratings' Public Finance department titled, "Local Taxes May Challenge Cannabis Legalization in California." Nowhere is the need for responsible planning around cannabis taxation and economic development more critical than with an equity business in its first years of operation.

In conclusion, we are pleased at the progress made in the last several weeks. We remain a resource to the city to the extent that it wishes to partner on industry specific initiatives around competency to operate cannabis businesses. We look forward to seeing San Francisco's new cannabis economy emerge.

Very truly yours,

Tsion Lencho
Supernova Women

November 11, 2017 **via Fax**

SF Board of Supervisors
1 Dr. Carlton Goodlett Place
San Francisco, CA. 94102i

RE: Proposed Cannabis Dispensary on November 14th agenda

Dear Supervisors:

I am writing to you to urge you to vote no on the subject proposal for 2161-2165 Irving St.. This site is only 4 blocks or so from a school and library. Also, school students are attracted or congregate on that stretch of Irving St. In addition, it does not fit in with the family oriented retail nature of the businesses in the area. Marijuana's smell is repugnant and offensive to the senses for many people. This would detract from the many wonderful businesses on the block. Finally, I do not believe that are any scientifically valid studies showing any positive medical benefits from the smoking of marijuana.

Sincerely,
Bill Quan
Bill Quan
2526 Van Ness Ave., #10
San Francisco, CA. 94109

SFBoardOfSupReProposedCannabisDispensary-Nov11-2017

San Francisco Council of District Merchants Associations

Henry Karnilowicz, President | Maryo Mogannam, Vice President | Vas Kiniris, Secretary | Keith Goldstein, Treasurer

SFCDMA

MEMBER ASSOCIATIONS

Arab American Grocers Association
Balboa Village Merchants Association
Bayview Merchants Association
Castro Merchants
Chinatown Merchants Association
Clement St. Merchants Association
Dogpatch Business Association
Fillmore Merchants Association
Fishermans Wharf Merchants Assn.
Golden Gate Restaurant Association
Glen Park Merchants Association
Golden Gate Restaurant Association
Greater Geary Boulevard Merchants & Property Owners Association
Japantown Merchants Association
Mission Creek Merchants Association
Mission Merchants Association
Noe Valley Merchants Association
North Beach Business Association
North East Mission Business Assn.
People of Parkside Sunset
Polk District Merchants Association
Potrero Dogpatch Merchants Assn.
Sacramento St. Merchants Association
San Francisco Community Alliance for Jobs and Housing
South Beach Mission Bay Business Assn.
South of Market Business Association
The Outer Sunset Merchant & Professional Association
Union Street Merchants
Valencia Corridor Merchants Assn.
West Portal Merchants Association

November 9, 2017

President London Breed
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94103-4689

Re
Cannabis regulations

President Breed and Supervisors,

The San Francisco Council of District Merchants Associatoins, representing a wide variety of local enterprises, seeks to protect and promote small businesses in San Francisco. Thank you for all of your efforts crafting regulations for the rapidly-emerging cannabis industry, which we believe can be a valuable and sustained contributor to our local small business economy.

We would like to offer our recommendations on two of the major cannabis issues remaining to be decided in your deliberations. These recommendations are notably similar to those offered by the Chamber of Commerce, California Music and Culture Association, Golden Gate Restaurant Association, Cannabis Retailers Alliance, and many others.

I.<u>Consumption:</u> Create stand-alone consumption permits and more retailer consumption permits to benefit small business corridors.

a.San Francisco residents and tourists need safe, legal places to consume.
b.Without designated consumption areas, cannabis use will occur in parks and on sidewalks which may upset neighbors and hurt existing merchants.
c.Consumption lounges will promote foot traffic for existing merchants.
d.Cannabis retailers should be allowed to have on-site consumption if the facility has proper ventilation and the odor does not permeate the surrounding area.
e.Stand-alone consumption permits will create a new small business model that can incorporate music and food, and will attract more visitors to commercial corridors.

II.<u>Buffer Requirements & Sensitive Uses:</u> Maintain the 600' buffer established by the voters of California, and do NOT include childcare centers as a sensitive use.

a.The proposal to create a 1000-foot distance requirement, combined new sensitive uses including childcare facilities would prohibit the healthy growth of our local cannabis industry and block new small businesses in corridors that would benefit from them.
b. We recommend a 600-foot distance from schools, as passed by the voters of California and overwhelmingly by the voters of San Francisco.

There is no evidential basis for including childcare centers as a sensitive use. Three-year-old children will not wander off to buy marijuana. Please do not legislate based on scare tactics.

111. Minimum local hire. Requiring of minimum of 50% of local hire.

With current unemployment in San Francisco of around 3% many businesses are finding it difficult to find experienced and reliable staff. By requiring that cannabis businesses hire local at a minimum of 50% there will be competition for non cannabis businesses and may impact them to where they may not be able to survive.

We are eager to welcome cannabis businesses into the numerous local merchant groups citywide, and are excited for their contributions to our community and commercial corridors. Thank you again for all your work on this important topic. We are available any time and happy to offer suggestions or answer questions.

Sincerely,

Henry Karnilowicz
President
415.621.7533 office
415.420.8113 cell
henry@sfcdma.org

CC:
Mayor Ed Lee
Nicole Elliott, Director of the Office of Cannabis
Barbara Garcia, Director of Public Health
John Rahaim, Planning Director
Planning Commissioners
Jonas Ionin, Planning Commission Secretary
Angela Calvillo, Clerk of the Board of Supervisors

VIA EMAIL ONLY
Board.of.Supervisors@sfgov.org

November 10, 2017

Board of Supervisors
San Francisco City Hall
1 Dr. Carlton B. Goodlett Place #244
San Francisco, CA 94102

RE: CANNABIS LEGISLATION/WEST PORTAL

Dear Board:

We are writing on behalf of the West Portal merchants to support Supervisor Yee's efforts at restricting cannabis dispensaries in District 7. West Portal Avenue maintains a commercial corridor between Ulloa Street and 15th Avenue and on the intersecting blocks of Ulloa, Vicente, 14th Avenue and 15th Avenue, as well as the parallel Claremont Blvd., and is bordered on each end by schools, the K-5 West Portal Elementary near the Ulloa end and the K-12 Waldorf School on the 15h Avenue end. There are also two additional nearby K-8 schools, St. Brendan and St. Cecilia, as well as a Montessori pre-school and a number of businesses catering to young children, including Peek-A-Boo Factory, Tutu School, Coder School, Kumon, Sylvan and C2 Education. All of these child-focused locations are surrounded by residential neighborhoods largely comprised of families and retirees who have lived here for decades or generations.

While we understand the City's excitement to generate tax dollars on the newly legalized cannabis sales, we cannot support the existence of a retailer in West Portal. Virtually every block of the West Portal corridor is saturated with services for children and the entire neighborhood teems with families day and night. There is no appropriate place in our neighborhood for a pot shop.

As we are advised that an all-out prohibition is unlikely, we will alternately support the most severe restrictions possible, including a 1000' buffer around children's educational institutions or services. To the extent there is a proposal for sales only out of upper floors in retail locations, we must insist that those locations are completely zoned for retail. Many of the buildings on West Portal have residential zoned second and/or third floors. It would be unconscionable to allow a pot shop to open adjacent to a

residence. Further, allotting 1 location on West Portal Avenue and the above referenced intersecting streets that comprise our corridor should be another bare minimal part of legislated restrictions.

We have heard the complaints of cannabis supporters regarding our West Side "NIMBYism," of the needs of those wanting "medical" marijuana and the "social justice" opportunities wanted for those previously oppressed by the criminal justice system. Each of these arguments is transparent in its nonsensicality.

Just by way of example, for years, anyone who has wanted pot has been able to easily acquire a medical card for their "condition" and shop cannabis to their heart's delight on nearby Ocean Avenue and dozens of other locations across the City. There are now a number of services that will literally be delivering cannabis to your home as easily as ordering a pizza. We have had a series of billboards and Muni bus advertisements helpfully advising our neighborhood of these services for the past year. Just as some might like a Whole Foods on West Portal doesn't mean it will fit; we still have to drive to Ocean Avenue or order Instacart. And yet we survive, as will any local cannabis consumer.

We are confident that you are capable of dismantling any ridiculous argument that permitting a pot shop in a neighborhood where it is strongly not wanted is anything but shameful pandering to elected officials' sponsors.

Thank you for your time and consideration, and do not hesitate to let me know how we can further support restrictions on cannabis sales in West Portal.

Sincerely,
Deidre Von Rock,
West Portal Merchants Association, President
dvonrock@vonrocklaw.com

cc: alisa.somera@sfgov.org

November 6, 2017

The Honorable London Breed
President, Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 110
San Francisco, CA 94102

RE: Cannabis Regulations, Board of Supervisors File Numbers 171041 and 171042

Dear President Breed:

The San Francisco Chamber of Commerce, San Francisco Travel Association, the Council of District Merchants Associations, Golden Gate Restaurant Association and California Music and Culture Association are again writing to urge the Board of Supervisors 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 are pleased that significant amendments have been made that will encourage this industry to come out of the underground economy, some issues remain and new hurdles have been added.

As was pointed out in our letter of October 30, the vast majority of San Franciscans expect our elected officials to legislate a clear path to a safe and reasonably regulated adult-use cannabis industry, which will be looked upon as a model for other local jurisdictions. While some progress has been made, much remains to be accomplished over the next week.

We urge the Board of Supervisors to enact the following changes to the draft legislation:

1) The city 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 Board should consider a "non-conforming use" process for these locations. New permits under the equity program should include the right of existing small cannabis businesses to apply for such permits. And many of the employment provisions added to the regulatory ordinance are simply unworkable for these small businesses.

2) Rather than prohibiting existing medical cannabis dispensaries from selling adult-use cannabis in January of 2018, the 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.

3) Reasonable "Green Zones" where cannabis retailers can conduct business is critical if we are to reduce clustering and meet demand that will certainly exist in every neighborhood. Excluding locations within 600 feet from a school, as originally set forth in the draft ordinance, is reasonable and should not be increased. Adding child care facilities as sensitive uses makes no sense. Who is being protected; the infant or toddler or the mother or caregiver? This is just a backdoor way of limiting neighborhood commercial access for this business. However, if the Board of Supervisors stays with the 1,000-foot limit, we urge you provide a conditional use option so a retailer could make the case for a location between 600 and 1,000 feet. Alternatively, using the "path of travel" which measures distance by distance walked, would be another way to work with 1,000 feet.

4) The draft legislation makes consumption, especially by apartment tenants and visitors, almost impossible. As was pointed out by many speakers at your various hearings, 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. What we do not want is an ordinance that results, for lack of other options, in an increase in cannabis smoking on public sidewalks, parks and plazas. The city of Denver enacted a consumption pilot program ordinance that the Board of Supervisors should consider as a model for San Francisco.

5) The draft legislation restricts the delivery of cannabis to businesses that are only located within San Francisco. 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. In addition, the legislation in section 1622 (b)(10) fails to allow the deliver industry to make use of electronic manifests, but rather requires specific orders to be filled at the business location, with a pre-determined route. This provision should be amended to allow for the use of electronic manifests, which could greatly reduce delivery miles and eliminate the need to continually return to the business location.

6) The Board has been presented with a great deal of testimony explaining why the 20% limit on transfer of ownership, section 1608 (c), is unworkable for an industry that must seek cash investment in the absence of access to banking. A 40 to 49% limit is needed if permit holders are going to be able to grow their businesses in San Francisco, while still protecting the primary ownership of the business founders.

7) Section 1618 (ff) places an unfair, if not infeasible, hiring requirement on small businesses. Requiring an employer to certify that 50% of the business' work hours are being performed by local residents (or seek a waiver from the Office of Cannabis) fails to consider the nature of the San Francisco labor market. With over 700,000 private sector jobs and another 100,000 government jobs, there is no way employers can run a business (or a government service) if they have to fill new positions with at least 50% residents. The business community as a whole barely fills 400,000 of these positions with San Franciscans and over 100,000 residents commute out of the city every day. The 50% requirement cannot be met across all cannabis industry types. We suggest a starting point of 20% with a study in two years to determine compliance and challenges.

8) All applicants who have applied and paid the fees prior to the date of the first reading of the ordinance at the Board of Supervisors should be considered being in the "pipeline" and allowed to proceed to their hearings.

9) Finally, there are numerous conditions placed on permit holders that either are unworkable or should not be applied to private businesses, whether a hardware store, wholesale flower distributor or cannabis business. Section 1609 (b)(25), Labor Peace Agreement, may belong in contracts where city funds are expended, but certainly not in a business permit ordinance. And certainly not at the micro business level of 10 or more employees. And the requirement to have an energy use plan for a cultivation facility is one thing; to require all cannabis businesses to contract for CleanPowerSF, section 1618 (cc), seems, at worst to be a shakedown, and at best unworkable for businesses that may not control the power provider decision at their business location. We urge that this section be deleted and replaced, for all business types, with the energy provisions contained in section 1609 (c)(8).

The San Francisco business community looks forward to continuing to work with 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
San Francisco Chamber of Commerce

Cassandra Costello
San Francisco Travel Association

Gwyneth Borden
Golden Gate Restaurant Association

Henry Karnilowicz
San Francisco Council of District Merchants Associations

Jeremy Siegel
California Music and Culture Association

cc. Mayor Lee; each member of the Board of Supervisors

Somera, Alisa (BOS)

From: Board of Supervisors, (BOS)
Sent: Tuesday, November 07, 2017 9:43 AM
To: BOS-Supervisors; Somera, Alisa (BOS)
Subject: FW: smoking in dispensaries

From: Carol Denney [mailto:cdenney@igc.org]
Sent: Friday, November 03, 2017 11:13 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: smoking in dispensaries

"Plan would let cannabis users smoke in pot clubs" - SF Chronicle, Bay Area section, Friday, November 3, 2017.

Dear San Francisco Board of Supervisors,

I read with dismay the suggestion in today's San Francisco Chronicle that San Francisco Supervisors Farrell and Sheehy "supported an amendment...to take indoor consumption permits out of the hands of public health officials" in an effort to allow smoking in dispensaries.

Please don't silence the public health voice in this matter. Dispensaries are workplaces. The State of California is obligated under Proposition 65 to list marijuana smoke as a carcinogen. And those with familiarity about dispensaries know there are at least a dozen ways to ingest marijuana without fouling the air or exposing others.

It is crucial that as we normalize cannabis products we don't disrespect dispensary workers and subject them to conditions which would not only have adverse health effects, but would make it much harder for neighborhoods to welcome dispensaries in the first place.

Introducing indoor smoking reverses decades of hard-won public health policy, and runs the risk of derailing the dramatic disease reduction we're seeing nationwide as a consequence of smokefree workplaces and public spaces. Please make sure that public health voices are part of this discussion, which has life or death consequences.

Thank you,

Carol Denney

1970 San Pablo Avenue #4

Berkeley, CA 94702

510-548-1512

cdenney@igc.org

Somera, Alisa (BOS)

From: Board of Supervisors, (BOS)
Sent: Tuesday, November 07, 2017 8:29 AM
Subject: FW: Support Accessible SF Cannabis Regulations

From: Kyle Borland [mailto:kyleb@anresco.com]
Sent: Monday, November 06, 2017 1:26 PM
To: Cohen, Malia (BOS) <malia.cohen@sfgov.org>
Cc: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Chan, Yoyo (BOS) <yoyo.chan@sfgov.org>; Chicuata, Brittni (BOS) <brittni.chicuata@sfgov.org>; Zach Eisenberg <zach@anresco.com>
Subject: Support Accessible SF Cannabis Regulations

Hello Supervisor Cohen and team,

On behalf of Anresco Laboratories (1375 Van Dyke Avenue), I would like to vocalize our support for the 600-foot cannabis retail restriction passed in Prop64. As a member of the City's professional cannabis community, we see the 1000-foot rule before the Land Use committee to be overly restrictive and detrimental to our City's greater cannabis community, the heart of the movement that started all this success we see across the nation.

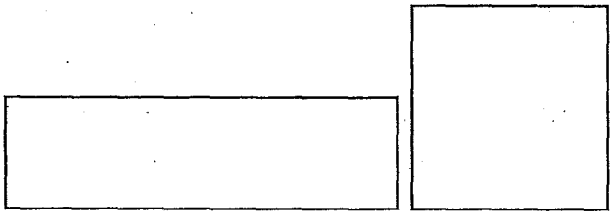
Anresco believes that our City's cannabis industry should be regulated fairly and safely with all San Franciscans in mind. That is why, throughout the legislative process, we have opened our doors to City Hall to educate our representatives about cannabis and the product safety applications being applied to the plant. As you vote on to implement the cannabis regulations, we hope you'll vote to support the burgeoning cannabis industry that San Francisco helped start by returning to the 600-foot regulation passed by 74 percent of city residents in 2016.

nk you,
yle Borland
Cannabis Communications and Policy, Anresco Laboratories

--

Kyle Borland
Cannabis Communications and Policy
kyleb@anresco.com

Anresco Laboratories
1375 Van Dyke Avenue
San Francisco, CA 94124
Phone: (415) 822-1100 x 1523
Fax: (415) 822-6615
www.anresco.com



resco Laboratories is an ISO 17025 accredited laboratory for certain chemistry, microbiology, microscopy, and medical evices analysis. Certificate Number: AT-1551

Somera, Alisa (BOS)

From: Board of Supervisors, (BOS)
Sent: Tuesday, November 07, 2017 8:50 AM
To: BOS-Supervisors; Carroll, John (BOS); Somera, Alisa (BOS); Young, Victor
Subject: FW: A few moments of your time

From: Kevin Reed [mailto:kevinreed@thegreencross.org]
Sent: Sunday, November 05, 2017 3:45 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: A few moments of your time

Dear Hon. Members of the San Francisco Board of Supervisors,

Thank you for your continued public service and leadership, especially around innovative, responsible, and sustainable policies impacting the livelihood of the cannabis community and its stakeholders. As a leader in the cannabis industry, I would like to respectfully take a few minutes of your time to share with you my feedback and opinion in preparation for tomorrow's meeting.

As you well know, San Francisco is a dense and engaged city that tries to gratify all its stakeholders, including its citizens, businesses, and community based organizations. I know first hand what it takes to balance and satisfy diverse interests while trying to keep my business lights on and maintaining a qualified and diverse workforce.

For example, in 2007, the original location of The Green Cross (22nd and Guerrero; approx. 501 feet away from an elementary school) was shut down due to neighborhood complaints that my business was too close to the school. While this 3-year long fight, which received global press, was traumatic and greatly affected the lives and livelihoods of my 20,000+ stakeholders, it ultimately lead to compromises between the City and all interested parties.

Negotiations and compromises resulted in and allowed for some MCDs to be permitted and grandfathered in within 1000 feet of schools. A year or two later, the federal government targeted most of these MCD property owners and threatened to seize their properties and shut down operations regardless of their grandfathered status. Unfortunately, these threats alone caused many MCDs to close and/ or move their small businesses.

Additionally during that same time, daycare/childcare centers were not factored into these buffer zones because children of this age are considered too young to comprehend or be influenced by MCDs located near these centers. The Green Cross's current storefront location is within 500 feet proximity of three, albeit unlicensed, daycare facilities in San Francisco's Excelsior District.

While we as a city are grabbling with how to balance the requirements of local and state laws with the needs of our diverse communities, we cannot lose sight, especially now more than ever because of the opioid crisis, that there is a war on drugs in this country. That said, I am extremely concerned that we are considering putting equity applicants in exploitative situations. If we put equity applicants within 1000 feet of schools, we position them on the front lines of this war. There are minimum mandatory sentencing guidelines for selling drugs in a school zone that I ask you to take into consideration moving forward. I request that the board stays resilient on this issue.

Thank you for time and consideration on this important matter. If you have any further questions or concerns, please feel free to reach out at anytime.

Best regards,

--

Kevin Reed

Founder & President
The Green Cross
4218 Mission Street
San Francisco, CA 94112

Mobile: 415.846.7671
Office: 415.648.4420
Fax: 415.431.2420
Email: KevinReed@TheGreenCross.org
Web: TheGreenCross.org

Whether you come to us or we come to you, The Green Cross delivers.

TheGreenCross®

Medical Cannabis Delivery
415.648.4420

TheGreenCross.org

November 2017

Re: MCD on 2161-2165 Irving, It's Unnecessary and Undesirable!!!
Case #: 2016-002424CUA

To: San Francisco Board of Supervisors

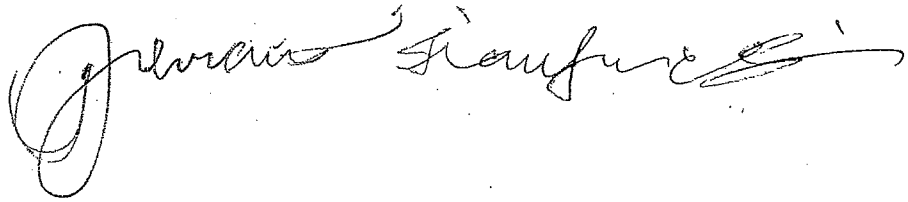
We understand that in accordance with the City of San Francisco Planning Code, marijuana dispensaries cannot be located within 1000 ft of schools and recreational facilities. Please note that there are three preschools, one music center, one sober house and one home school are located within 1000 feet of the proposed MCD.

a. Jefferson Preschool & a Jefferson Elementary School is 1115 feet away from proposed MCD.
b. Preschool #1: Jefferson Preschool; 1350 25th Ave, SF; 0.1 miles away from proposed MCD
c. Preschool #2: Montessori Preschool, around the corner of proposed MCD
d. Preschool #3: The Neighborhood School; 1214 20th Ave;
e. Music City Academy Center: 1929 Irving St; 0.1 miles away from proposed MCD; 100 youth enrollment; majority age range from 5-18
f. Home School: Within 1000 radius, address is confidential, but address can be provided when needed.
g. Jefferson Elementary School: 1725 Irving St. 0.3 miles away from proposed MCD; 500 enrollment; around 200 elementary students walk pass by proposed MCD daily

We ask you to consider our opinions seriously in deciding on the future of our local community in the Sunset District. We respectfully request that you do not recommend the above mentioned marijuana dispensary. Your help is greatly appreciated.

Sincerely,

Sunset Merchants and Neighborhood Association



Somera, Alisa (BOS)

From:	Cynthia Crews <cynthia.crews@gmail.com>
Sent:	Monday, November 06, 2017 11:51 AM
To:	Farrell, Mark (BOS); Tang, Katy (BOS); Peskin, Aaron (BOS); Safai, Ahsha (BOS); Fewer, Sandra (BOS); Yee, Norman (BOS)
Cc:	Karunaratne, Kanishka (BOS); Kelly, Margaux (BOS); Montejano, Jess (BOS); Angulo, Sunny (BOS); Hepner, Lee (BOS); Rubenstein, Beth (BOS); Summers, Ashley (BOS); Law, Ray (BOS); Mohan, Menaka (BOS); Lee, Judy (BOS); Meyer, Catherine (BOS); Sandoval, Suhagey (BOS); Boilard, Chelsea (BOS); Pagoulatos, Nick (BOS); Yu, Angelina (BOS); Maybaum, Erica (BOS); Low, Jen (BOS); Choy, Jarlene (BOS); Major, Erica (BOS); Somera, Alisa (BOS)
Subject:	RE: Cannabis Regulation Legislation [#171041 and #171042]

Dear Supervisors,

I am writing today to urge your caution in blindly barreling forward the proposed ordinances for cannabis regulation. There are many issues outstanding, and as introduced, ordinances #171041 and #171042 would create a flawed framework that is hasty at best.

The legislation proposed in Land Use and Transportation Committee and Rules Committee misses the opportunity that was key to 2016's Adult Use of Marijuana Act (AUMA). In an October 2016 article by The Root, Deborah Peterson Small notes that Californians had "a unique opportunity [with Proposition 64] to strike ignificant blow against the war on drugs and begin the process of repairing communities harmed by decades of racially biased drug-law enforcement."

While taxation of recreational cannabis dispensaries could be seen as a great opportunity to generate revenue for the City, this is not the value of AUMA – the value is reparations. Opening the floodgates to adult use permits without an informed framework misses the opportunity to create equity in permitting. Why is the Mayor proposing legislation that's being fast-tracked through the Board of Supervisors without proper public input?

The equity components of ordinance #171042 fall short of the Director of Office of Cannabis' stated goals which include equity and restorative justice. The draft social justice task force recommendations by the City's Cannabis State Legalization Task Force are lacking in the areas of opportunity that were key to the success of AUMA in the November 2016 election. The public seats on the task force failed to include communities that are directly impacted by mass incarceration from the "war on drugs." Where has the task force had significant dialogue with impacted communities? Where has the task force created robust business opportunities and the framework for equity and inclusion in impacted communities – the framework that would be apparent if this legislation was comprehensive? This gap in inclusion, I believe, is apparent in the legislation to permit dispensaries before you this week.

You're not there yet, and moving forward without pause creates knee-jerk responses that seek to limit permits in commercial corridors and districts. These limits create clustering, shrink the green zone, clog the market with venture capital, and edge out communities that should be given the first opportunity to benefit from AUMA.

quity doesn't look like pairing a general applicant with an equity applicant as proposed by the task force. nat's equality. Equality gives everyone an equal level of opportunity. Equity refers to justness, which could mean that equity applicants are licensed first.

This legislation is premature, and I urge you to pause to allow time to engage communities in all areas of San Francisco. I urge you to hold off on restrictions that limit the green zone. I urge you to push back against the Mayor's rushed legislation.

Thank you for your time and consideration.

Sincerely,

Cynthia Crews Pollock

Somera, Alisa (BOS)

From:	Chris Schroeder (Somatik) <chris@somatik.us>
Sent:	Monday, November 06, 2017 10:47 AM
To:	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)
Cc:	Somera, Alisa (BOS); Major, Erica (BOS); Mahajan, Menaka (ECN); Office of Cannabis (ADM); SBC (ECN)
Subject:	Public Comment regarding Cannabis Land use, rules and regulations

Hello Committee Members and Supervisors,

My Name is Christopher Schroeder and I run a small cannabis edible company in San Francisco called Somatik. As a member of SF Made which promotes local manufacturing and as a small business owner who's worked hard to become part of the San Francisco community I'm wiring to support my position on a few policy recommendations which are supported by the Small Business Commission to amend the Regulation of Cannabis Businesses BOS File No. 171042.

I want to emphasize:

Separate the registration process into 2 steps. Existing businesses which have not had the time or resources to find permitted space can do so. **And** allow these businesses to continue operations during the interim while they move towards compliance. Allow businesses a certain amount of time (12-18 months) to do so. Some of us would be unable to afford operating expenses without revenue and may go out of business; therefore, a pathway that would allow them to continue operating as they work toward compliance would be optimal.

Allow shared spaces for manufacturers. As rent in the city is prohibitive for most people it's even more prohibitive for small businesses. It is imperative for small manufacturers, especially those just starting out, to be able to share the expense with others. This mirrors traditional practices in San Francisco's non-cannabis food manufacturing.

I also want to emphasize:

Allow facility tours. The current proposal bans tours through 2019. As a member of SF Made I've been able to see the impact of showing people how something is made. As the industry is working to come out of the shadows, allowing manufacturers to show their process will demystify it, and create advocacy through education and exposure. One of the cornerstones of SF Made is touring local manufacturers to showcase the diverse industry and I think operators should legally be allowed to show people their space as part of our ongoing storytelling, brand building, and industry awareness.

Local hiring requirements. The current proposal requires the 50% of our workforce live in San Francisco. We currently have 5 employees and 3 of them live in Oakland. Consider expanding the local requirement to the 8 bay area counties, or reducing the requirement to 30%. Our industry should mirror other industries, and while I fully support hiring locally I also recognize that our Bay Area is a fluid community and mass transit systems like BART make it easy for employers and employees to seek out the best candidates and opportunities and still quickly and affordably get to work. Our employees were already working in San Francisco or are students here, and it would be detrimental to our business to have to let them go, or, hire more people before we could afford it to meet a specific % requirement.

Cooperatives. Allow for something similar to the state's new business entity type called the "agricultural cannabis cooperative". This entity type allows for cottage and small producers to join together under one umbrella entity and use that entity to apply for licensure, lease property, process, distribute, etc. This would help with the real estate and economic problem.

I thank you for your time and consideration.

-Chris Schroeder

Founder, Somatik Inc.
www.somatik.us
415-342-3565

Somera, Alisa (BOS)

From:	Board of Supervisors, (BOS)
Sent:	Friday, November 03, 2017 11:50 AM
To:	Somera, Alisa (BOS)
Subject:	FW: require SF green environmental freindly certified growing for import to SF, critical for marijuauana permits

From: matt500_98_98@yahoo.com [mailto:matt500_98_98@yahoo.com]
Sent: Thursday, November 02, 2017 7:32 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: require SF green environmental freindly certified growing for import to SF, critical for marijuauana permits

Honorable ladies & gentlemen,
Please think about adding responsible growing for cannabis imported to SF. As you know indoor or outdoor cultivation of marijuana is often associated with violation of local, state, and federal environmental laws and pesticide regulation, threatening to harm local waterways and groundwater quality and depletion and endanger the public health & safety. The rural foothill counties are having a difficult time with growers. Most counties are lucky to have one code enforcement officer for the vast areas under cultivation (many illegal). If SF could adopt a method of certifying growers, particularly outside SF grow warehouses, meet the best practices (meet local county grow regulations, abide by all laws (suspend permit for infractions) and eco sustainable practices.
Thank you

Somera, Alisa (BOS) 171041 & 171042

From: Jean Francois Houdre <houdre@sbcglobal.net>
Sent: Thursday, November 02, 2017 11:30 AM
To: Farrell, Mark (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS)
Cc: Major, Erica (BOS); Somera, Alisa (BOS)
Subject: STOP THE POT CLUBS IN DISTRICT 11

Dear All,

PLEASE DO NOT repeal the Land Use Ordinance on banning the Pot Clubs in District 11. We are want the same quality of life that other communities have in SF. There are currently THREE POT CLUBS we do not want/NEED any more in District 11!
Thank you...DO NOT REPEAL PLEASE
Nancy Houdre
139 Ney Street
SF CA 94112

SAN FRANCISCO CHAMBER OF COMMERCE

October 30, 2017

The Honorable London Breed
President, Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

RE: Cannabis Regulations, Board of Supervisors File Numbers 171041 and 171042

Dear President Breed:

The San Francisco Chamber of Commerce, San Francisco Travel Association, the Council of District Merchants Associations and Golden Gate Restaurant Association are writing to urge the Board of Supervisors 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, we believe 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 Planning 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 Board of Supervisors 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 Commission should urge the City to 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 cannabis 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) Reasonable "Green Zones" where cannabis retailers can conduct business is critical if we are to reduce clustering of these businesses. Excluding locations within 600 feet from a school, as set forth in the draft ordinance, is reasonable and should not be increased.

6) 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. The "orbit option" set forth in the Planning Commission staff report and supported by that Commission is worthy of serious consideration by the Board of Supervisors.

7) The draft legislation makes consumption, especially by visitors, almost impossible. Again, as was pointed out in the CMAC letter, 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. What we do not want is an ordinance that results, for lack of other options, in an increase in cannabis smoking on public sidewalks, parks and plazas. The City of Denver enacted a consumption pilot program ordinance that the Board of Supervisors should consider as a model for San Francisco.

8) 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 business community 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
San Francisco Chamber of Commerce

Cassandra Costello
San Francisco Travel Association

Gwyneth Borden
Golden Gate Restaurant Association

Henry Karnilowicz
San Francisco Council of District Merchants Associations

cc. Clerk of the Board of Supervisors, to be distributed to all Supervisors; Mayor Lee, Nicole Elliott

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 thel 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.[1] 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

[1] *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
Terrance Alan, Seat #19 & Chair - terrance@sequelmedia.com
Jennifer Garcia, Seat #20 & Co-chair - jen.garcia7@yahoo.com
San Francisco Cannabis State Legalization Task Force

Note: NL = Not Legislated

San Francisco Cannabis St. galization Task Force
Year I Recommendations
Office of Cannabis Inventory Document - 10/16/2017

	#	Recommendation	Included	Rationale
Recommendation Category 1: Public Safety and Social Environment (PSSE)				
Recommendation Sub-Category: Public Safety				
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	

1459

	#	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	

	#	Recommendation	Included	Rationale
Recommendation Sub-Category: Public Consumption				
Meaning of the Word "public"	7	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.	No	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.
	8	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.	Partial	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.
	9	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.	No	Further clarification is not being sought by the City on this issue at this time.

	#	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.
Recommendation Sub-Category: Youth Access and Exposure				
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	

	#	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 opportunties, to develop any necessary and appropriate policies regarding monitoring of advertising to minors.

	#	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.
Recommendation Sub-Category: Tourism/Hospitality				
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.

1464

	#	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:		

1465

	#	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.

	#	Recommendation	Included	Rationale
Recommendation Category 2: Land Use and Social Justice (LUSJ)				
	#	Recommendation		
Recommendation Sub-Category: Land Use				
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:		

	#	Recommendation	Included	Rationale
	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.

	#	Recommendation	Included	Rationale
	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				

	#	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.

	#	Recommendation	Included	Rationale
	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	TThe 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.

	#	Recommendation	Included	Rationale
Entrepreneurship Opportunities	24	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:		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. 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.
		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 incarcerted 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.

	#	Recommendation	Included	Rationale
		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: • the educational system • childcare subsidies • services for formerly incarcerated persons and other communities affected by cannabis prohibition • housing • job creation • behavioral health services • criminal record expungement	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.

	#	Recommendation	Included	Rationale
	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 priortizing 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 regisration 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.

	#	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 (REAP)

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	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: • New category: Manufacturing 6B Special baking/cooking license • New category: Consumption lounge • New category: Events (e.g. commercial events and farmers' markets, etc.) The City should also explore the possibility for one-day event permits.	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.

1475

	#	Recommendation	Included	Rationale
	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: • Office of Small Business • City College of San Francisco and other community colleges • San Francisco Unified School District • Charter or private schools • Unions • Oaksterdam University • Patient Focused Certification Program – Americans for Safe Access	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.

	#	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 delviery 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.

	#	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; **(2) Applications from Applicants that were operating a Medical Cannabis Dispensary in compliance with the Compassionate Use Act prior to September 1, 2016;** (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.
Recommendation Sub-Category: Taxation and Revenue				
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 sesks to ensure a rate that does not shift businesses and consumers back to the illicit market

	#	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: • Workforce development • Entrepreneurial opportunity fund • Education for students and youth • Education and training for formerly incarcerated persons • Community-identified priorities (e.g. community benefit agreements)	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.
Recommendation Sub-Category: Agency Oversight				
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: • Responsive • Timely • Accountable • Strong leadership • Transparent • Promote certainty in process • Multi-agency collaborative model	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.

	#	Recommendation	Included	Rationale
	21	San Francisco should consider new and/or existing regulatory and regulatory oversight structures for adult use cannabis regulation. Options would include the following: • Option 1: Standalone agency with its own staff and commission • Option 2: Standalone agency with its own staff, no commission • Option 3: Part of an existing agency or agencies Note: Task Force further developed this recommendation in Year II - please see "Other" tab for more information.	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	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.	Yes	In the legislation, these departments are called "referring departments" and each department maintains existing permitting and inspecting responsibilities (except for the proposed sunsetting of DPH's final permitting role under Article 33)
Track and Trace	23	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.	Yes	Each operater 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

	#	Recommendation	Include	Rationale
Year I 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.	Partial	San Francisco is proposing to make indoor cultivation permits available for operations with up to 22,000 square feet of canopy. The legislaton also proposes to allow for volatile and non-volatile manufacturing, distribution, microbusiness, and testing. The leigslation does not 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 activty.
	2	In addition to the State-defined license types, the following local license types should be created: • New category: Virtual dispensary (i.e. physical location used for delivery with no walkin retail) • New category: Manufacturing 6B Special baking/cooking license. • New category: Consumption lounge, bring your own product (entertainment, restaurants, yoga studio, gym) • New Category: Temporary Events, Cannabis Cup/Cultural Events, and Farmers Market examples The above licenses would not include retail activity, except in the case of microbusinesses. *Note: Manufacturing 6B, consumption lounge and events with retail activity to be addressed later under retail licensing topic area,	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.

	#	Recommendation	Include	Rationale
		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 internvention 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 extend allowed by law.

	#	Recommendation	Include	Rationale
Non-Reatil Licening Elements - Licensing Requiremen ts	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: • Board of Equalization (BOE) Sellers permit requirements • Articles of Incorporation • Labor laws • Occupational Safety and Health Administration (OSHA) standards	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 of the activity: • Hazardous materials and waste storage plan • State nursery program inspection • Building inspections from the Department of Building Inspection (DBI) • Fire Department documentation • Documentation of alignment with Agricultural Department best practices • Security plans	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 havean 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).

	#	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.
Recommendation Sub-Category: Social Justice				
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	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. 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.

	#	Recommendation	Include	Rationale
	15	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. 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: • Entrepreneurship grants and other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership (funded by cannabis taxes) • Subsidized permitting and license fees • Access to small business support programs and incubator services, such as the Mission Economic Development Agency (MEDA), SCORE, Minority	Partial	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.

	#	Recommendation	Include	Rationale
	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 eligibile 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.
Stakeholders	18	The following entities could be involved in the aforementioned social justice-focused efforts: • Neighborhood associations • Community business support programs (e.g., MEDA) and other local business associations • City College of San Francisco • Potential and current cannabis employees and entrepreneurs, including formerly incarcerated people, women, and people of color • Landlords • Office of Economic and Workforce Development (OEWD)	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.
Recommendation Sub-Category: Community Engagement				
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 recovation (+ 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.

	#	Recommendation	Include	Rationale
	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: • Businesses • Residents • San Francisco Department of Public Health • San Francisco Police Department • San Francisco Fire Department • San Francisco Unified School District • Office of Economic and Workforce Development (OEWD) • Office of Small Business • Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency	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.

	#	Recommendation	Include	Rationale
	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 purusant to garbage and recycling receptable guidelines to be developed by DPW. This will include locking receptacles.
Year I 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.

	#	Recommendation	Include	Rationale
Land Use Landscape	2	To create a desired mix of businesses and limit displacement of other land use types (e.g., other businesses and housing), San Francisco should: a. Expand locations where new cannabis businesses could operate to include all zoning districts where their conventional equivalents are allowed to operate. b. Establish a buffering distance between primary cannabis retail businesses. c. Allow cannabis business that are in compliance with requirements "as of right" in specifically zoned areas. d. Add cannabis retailers to the formula retail list.	Yes	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. b. the ordinance established a 300' buffer around cannabis businesses. 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. d. In the proposed ordinance, Cannabis Retail and MCRs are subject to Formula Retail controls.
	3	Cannabis businesses should be subject to review by an appropriate agency to determine the conditions the business would need to comply with.	Yes	Businesses will be subject to review by multiple referring agencies to determine conditions of their permits. These agencies include DPH, SFFD, SFPD, and OOC.
	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.	No	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.
	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. 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: • A distance of 500 feet was proposed to align with San Francisco's current distance requirements for tobacco. • 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. • Some Task Force members supported a distance less than 500 feet, but agreed to move forward with the aforementioned	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. As proposed, existing operating MCDs' locations are grandfathered.

1490

	#	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.
Recommendation Sub-Category: Technical				
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 mut 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 permiting 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.

	#	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.
Recommendation Sub-Category: Community Engagement				
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-applicaton requirements would apply to all MCDs in NC districts, and the Office of Cannabis is contemplating amedments 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 thoughful 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				

1492

	#	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: • New category: Manufacturing 6B Special baking/cooking license • New category: Virtual dispensary (i.e. physical location used for delivery with no walk-in retail) • New category: Consumption lounge, bring your own product (entertainment, restaurants, yoga studio, gym) • New Category: Temporary Events, Cannabis Cup/Cultural Events, and Farmers Market examples	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 proppsed 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."

#	Recommendation	Include	Rationale
7	San Francisco should develop policies to prevent clustering of adult use cannabis retailers. Strategies may include: • 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. • 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.	Yes	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.
8	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.		Formula retail rules would apply to cannabis retailer and medical cannabis retail permits.
9	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.
10	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.		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.
11	San Francisco should not create a separate retail permit for nurseries.	No	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.

	#	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: • Board of Equalization (BOE) Sellers permit requirements • Articles of Incorporation • Labor laws • Occupational Safety and Health Administration (OSHA) standards	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: • Hazardous materials and waste storage plan • State nursery program inspection • Building inspections from the Department of Building Inspection (DBI) • Fire Department documentation • Documentation of alignment with Agricultural Department best practices • Security plans • Weights & Measures	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.

	#	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.

	#	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	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: • Allow cannabis consumption indoors to prevent unintended exposure • 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 • Collaborate with tourism/hospitality stakeholders to provide tourists with educational materials and information about safe access and consumption of adult use Security plans	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.
Recommendation Sub-Category: Social Justice				

	#	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 prioitization model should be revisited. b) An equity licensing program, which would include: • Entrepreneurship grants and other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership (funded by cannabis taxes) • Subsidized permitting and license fees • Access to small business support programs and incubator services, such as the Mission Economic Development Agency (MEDA), SCORE, Minority-owned	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 eligibile for 90 day extensions through the end of 2018.

1498

	#	Recommendation	Include	Rationale
	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
Stakeholders	31	The following entities could be involved in the aforementioned social justice-focused efforts: • Neighborhood associations • Community business support programs (e.g., MEDA) and other local business associations • City College of San Francisco • Potential and current cannabis employees and entrepreneurs, including formerly incarcerated people, women, and people of color • Landlords • Office of Economic and Workforce Development (OEWD)	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.
Recommendation Sub-Category: Community Engagement				
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 recovation (+ 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.

	#	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: • Businesses • Residents • San Francisco Department of Public Health • San Francisco Police Department • San Francisco Fire Department • San Francisco Unified School District • Office of Economic and Workforce Development (OEWD) • Office of Small Business • Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency	NL	The City will continue to seek input and collaboration from a broad array of stakeholders as we develop our policies.

1500

	#	Recommendation	Include	Rationale
Tourism and Hospitality	37	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: • Developing, proposing and pursuing a state legislative approach that would create an exemption for these types of culinary experiences. • Development of a patron notification process for any food establishment offering these opportunities. • Development of mechanisms to determine the appropriate distribution of cannabis friendly dining venues throughout the City.	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.

1501

	#	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: • Allow cannabis consumption indoors to prevent unintended exposure • Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street.	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.

Recommendation	Included	Rationale
Year II Recommendation - Agency Oversight		
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.	Yes	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.

Somera, Alisa (BOS)

From: Stefanie Schneider <schneideragain@gmail.com>
Sent: Wednesday, November 01, 2017 7:31 PM
To: Somera, Alisa (BOS)
Subject: Opposition to removal of the existing MCD ban in District 11

Dear Ms. Somera,

I am single professional woman who owns and occupies a single-family residence in District 11. I am vehemently opposed to additional medical cannabis dispensaries (MCDs) being opened in this district. We already have three, and these existing dispensaries should be more than adequate to support the needs of the district. Their existence has already caused traffic issues (double parking), loitering, and brought more unsavory elements to this already struggling district. I don't want to see this district decline further. We are already fighting illegal gambling dens, gangs, and other illegal activities. Allowing this neighborhood to become a haven for MCDs will doom this neighborhood and its residents. While we need to recruit businesses to District 11 to round out the business district and remove the blight of boarded up store fronts, we definitely do not need more MCDs.

Please stand up for this neighborhood by supporting the existing ban. A vote to lift the ban would be a disservice to the entire district, especially homeowners, as values will be sure to plummet.

Sincerely,

Stefanie Schneider
125 Curtis Street
San Francisco, CA 94112

Somera, Alisa (BOS)

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,

--

LA GRANDEUR

RUBY LAGRANDEUR
FOUNDER

T: 415.515.9255
E: ruby@sumi112.com
www.lagrandeur.co

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
San Francisco Ca 94102
415-305-8421
www.cocoacollectionsf.com
www.juna-world.com (coming soon)

171041 | 171042

om: 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

171041 | 171042

om: 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

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

om:	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

om:	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.

incerely
Chris Schroeder

Somatik Inc.
www.somatik.us
--
-Chris Schroeder

Founder, Somatik Inc.
www.somatik.us
415-342-3565

171041 /171042

..om:	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.

Sincerly

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 buinsess 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
--
www.moonmansmistress.com
instagram @moonmansmistress
like us facebook
follow us twitter

CALIFORNIA
MUSIC AND CULTURE
ASSOCIATION

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

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 no sell cannabis but operate the types of establishments that cater to

PO Box 77406
San Francisco, CA
94107

info@CMACsf.org
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 Calvillo, 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 Calvillo, 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.

****

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: Alisa Somera, Deputy Director
Rules Committee

DATE: October 4, 2017

SUBJECT: LEGISLATION INTRODUCED

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.

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
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

AK

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor Edwin M. Lee
RE: Various Codes - Regulation of Cannabis Businesses
DATE: September 26, 2017

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.

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