

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
Christian Murdock, Commission Secretary
Small Business Commission, City Hall, Room 448

FROM: Victor Young, Clerk, Rules Committee Board of Supervisors

DATE: December 6, 2018

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Rules Committee

The Board of Supervisors' Rules Committee 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. 131161

Ordinance amending the Police Code to revise the Delivery Standards imposed on Cannabis Businesses authorized to conduct Deliveries; 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

1 [Police Code - Regulation of Cannabis Businesses]

2

3 **Ordinance amending the Police Code to revise the Delivery Standards imposed on**
4 **Cannabis Businesses authorized to conduct Deliveries; and affirming the Planning**
5 **Department's determination under the California Environmental Quality Act. by making**

6 **~~a number of changes in the regulation of commercial cannabis activity, including,~~**
7 **~~among other things: 1) defining ownership interest and revising Equity Criteria, for~~**

8 **~~purposes of the Equity Program in a Cannabis Business; 2) modifying the Cannabis~~**
9 **~~Equity Incubator Program requirements; 3) extending by one year the possible duration~~**

10 **~~of a Temporary Cannabis Business Permit; 4) authorizing the Director of the Office of~~**
11 **~~Cannabis to issue Cannabis Business Permits to Medical Cannabis Dispensaries~~**

12 **~~forced to discontinue operations due to a no-fault lease termination before December~~**
13 **~~31, 2018; 5) modifying the order in which the Director may review and process~~**

14 **~~Cannabis Business Permit applications; 6) revising requirements associated with a~~**
15 **~~Cannabis Business' change in ownership and structure requiring Cannabis Business~~**

16 **~~permit amendments when a change in ownership results in a decrease in an Equity~~**
17 **~~Applicant's Ownership Interest or role in the Cannabis Business; 7) revising Cannabis~~**

18 **~~Business Permit application requirements; 8) requiring Cannabis Businesses to~~**
19 **~~comply with all permit conditions whether or not they are currently engaging in the~~**

20 **~~permitted activity; 9) modifying the amount of Cannabis that may be delivered or sold~~**
21 **~~to a customer; and 10) authorizing Cannabis Microbusinesses to conduct either~~**

22 **~~storefront or delivery sales, but not both, and reducing from four to three the~~**
23 **~~categories of Commercial activity required to operate as a Cannabis Microbusiness;~~**

24 **~~and amending the Health Code by revising eligibility requirements for medical~~**
25 **~~cannabis dispensaries seeking authorization to Sell Adult Use Cannabis, and extending~~**

1 ~~by one year to December 31, 2019 the date on which Article 33 (Medical Cannabis Act)~~
2 ~~expires.~~

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

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

9
10 Section 1.

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

16
17 Section 2. The Police Code is hereby amended by revising Section 1622, to read as
18 follows:

19 **SEC. 1622. DELIVERIES OF CANNABIS AND CANNABIS PRODUCTS TO**
20 **CUSTOMERS.**

21 * * * *

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

25 * * * *

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

5
6 Section 3. Procedural History. As introduced, this ordinance proposed revising Police
7 Code Sections 1602, 1604, 1605, 1606, 1608, 1609, 1613, 1618, 1622, 1627, 1628, and
8 1629, as well as Health Code Section 3322. At its special meeting on December 3, 2018, the
9 Rules Committee duplicated the file, and amended this ordinance to remove all amendments
10 except certain amendments to Police Code Section 1622 (reflected above), such that this
11 ordinance amends only Section 1622.

12
13 Section 4. Effective Date. This ordinance shall become effective 30 days after
14 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
15 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
16 of Supervisors overrides the Mayor’s veto of the ordinance.

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

24
25 APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

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By: _____
MATTHEW LEE
Deputy City Attorney

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LEGISLATIVE DIGEST

[Police Code - Regulation of Cannabis Businesses]

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

Existing Law

Under Section 1622 of the Police Code, cannabis business engaged in delivery must create a manifest prior to the departure of a delivery vehicle. An employee engaged in deliveries may not deviate substantially from the manifest route, unless a stop is necessary for personal safety.

Amendments to Current Law

This ordinance amends Section 1622 of the Police Code to require that a manifest be created prior to the completion of a delivery or series of deliveries, rather than prior to departure of a

delivery vehicle. Additionally, the ordinance eliminates the prohibition against substantial deviation from the manifest route.

Background

As introduced, the ordinance in Board File No. 180912 proposed a wide range of amendments to various provisions of the Police and Health Codes regulating commercial cannabis activity. In the course of considering that ordinance at its special meeting on December 3, 2018, the Rules Committee duplicated the file, and amended this ordinance to remove all amendments except certain amendments (described above) relevant to the regulation of cannabis deliveries under Section 1622 of the Police Code.

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