

File No. 220001

Committee Item No. 5

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date March 2, 2022

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Grant Information Form                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Award Letter                                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

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Completed by: Brent Jalipa Date February 22, 2022

Completed by: Brent Jalipa Date \_\_\_\_\_

[Accept and Expend Grant and Amend the Annual Salary Ordinance - Department of Cannabis Control - Local Jurisdiction Assistance Grant Program - \$3,075,769]

**Ordinance authorizing the Office of Cannabis to accept and expend a grant award in the amount of \$3,075,769 from the Department of Cannabis Control for the Local Jurisdiction Assistance Grant Program for a term of on-or-around February 11, 2022, through March 31, 2025; and amending Ordinance No. 109-21 (Annual Salary Ordinance File No. 210644 for Fiscal Years 2021-2022 and 2022-2023) to provide for the addition of one grant funded Class 1824 Principal Administrative Analyst position (FTE 0.20), one grant funded Class 1823 Senior Administrative Analyst position (FTE 1.0), and three grant funded class 1822 Administrative Analyst positions (FTE 3.0) at the Office of Cannabis for the period of on-or-around February 11, 2022, through March 31, 2025.**

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. Findings.**

(a) In November 2016, California voters approved Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act ("Proposition 64"), which legalized adult use cannabis in California for individuals 21 years of age and older. SB 129 (Stats. 2021, Ch. 69) created the Local Jurisdiction Assistance Grant Program, administered by the Department of Cannabis Control ("Department"), to dedicate funding to local jurisdictions with the greatest

1 needs to transition provisional commercial cannabis licenses to annual commercial cannabis  
2 licenses.

3 (b) The San Francisco Office of Cannabis (“Office of Cannabis”) operates a local  
4 social equity program for commercial cannabis activity, created by Ordinance No. 230-17,  
5 approved December 6, 2017, effective January 5, 2018.

6 (c) In November 2021, the Office of Cannabis submitted an application to the  
7 Department for a grant from the Local Jurisdiction Assistance Grant Program to support the  
8 Office of Cannabis’ efforts to transition temporary local permits and provisional state licenses  
9 to permanent local permits and state licenses by funding additional staff and capacity in the  
10 Office of Cannabis for the referral and review of commercial cannabis applications. Staff  
11 duties may include researching, analyzing and making policy recommendations; directing  
12 complex financial and operational activities; responding to informational requests, and  
13 representing the office to the Mayor’s office, Board of Supervisors, Controller’s Office, other  
14 city officials, and outside agencies and the public, as well as providing administrative analysis  
15 to high-level city officials regarding the commercial cannabis application process.

16 (d) In May 2021, Department notified the Office of Cannabis of its intent to award a  
17 grant of \$3,075,769 to the Office of Cannabis to support the processing of commercial  
18 cannabis applications on or around February 11, 2022 through March 31, 2025.

19 **Section 2. Authorization to accept and expend grant funds.**

20 (a) The Board of Supervisors hereby authorizes the City Administrator and/or the  
21 Office of Cannabis to accept and expend, on behalf of the City and County of San Francisco,  
22 a Local Jurisdiction Assistance grant from the Department, and for the Deputy City  
23 Administrator to sign the Department grant agreement included in BOS File #\_\_\_\_\_ (the  
24 “Grant Agreement”), including any amendments thereto.

(b) The Board of Supervisors agrees that the funds received under the Grant Program shall not be used to supplant expenditures controlled by this body.

(c) The Board of Supervisors, on behalf of the City and County of San Francisco, agrees to abide by the terms and conditions of the Grant Agreement.

(d) The Grant Agreement includes a provision for indirect costs of \$25,000 and the Board of Supervisors approves inclusion of indirect costs in the Office of Cannabis budget for expending the Grant Program.

**Section 3. Grant funded positions; Amendment to Fiscal Year 2021-2022 and Fiscal Year 2022-2023-Annual Salary Ordinance.**

The hereinafter designated sections and items of Ordinance No. 109-21 (Annual Salary Ordinance File No. 210644 for FY 2021-2022 and FY 2022-2023) are hereby amended so that the same shall read as follows:

Department: OOC (210100) Office of Cannabis

Program: OOC Department Grant Program

Fund: 12550

Project ID: TBD

Amendment	No. of Positions	Class	Compensation Schedule	Department
Add in FY 2021-2022	0.2 FTE	1824 Principal Administrative Analyst	\$5,688 Biweekly	ADM

Add in FY 2021-2022	1.0 FTE	1823 Senior Administrative Analyst	\$4,913 Biweekly	ADM
Add in FY 2021-2022	3 FTE	1822 Administrative Analyst	\$4,216 Biweekly	ADM

1 APPROVED AS TO FORM:  
2 DAVID CHIU, City Attorney

APPROVED AS TO CLASSIFICATION  
DEPARTMENT OF HUMAN RESOURCES:

3 By: /S/ Jana Clark  
4 Jana Clark  
5 Deputy City Attorney

By: /s/  
Carol Isen  
Human Resources Director

6 APPROVED: /s/  
7 London N. Breed  
8 Mayor

9 APPROVED: /s/  
10 Ben Rosenfield  
11 Controller

12 RECOMMENDED:

13 /s/  
14 John Pierce  
15 Acting Director, Office of Cannabis

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25

## **LEGISLATIVE DIGEST**

[Accept and Expend Grant and Amend the Annual Salary Ordinance - Department of Cannabis Control - Local Jurisdiction Assistance Grant Program - \$3,075,769]

**Ordinance authorizing the Office of Cannabis to accept and expend a grant award in the amount of \$3,075,769 from the Department of Cannabis Control for the Local Jurisdiction Assistance Grant Program for a term of on- or -around February 11, 2022, through March 31, 2025; and amending Ordinance No. 109-21 (Annual Salary Ordinance File No. 210644 for Fiscal Years 2021-2022 and FY 2022-2023) to provide for the addition of one grant funded Class 1824 Principal Administrative Analyst position (FTE 0.20), one grant funded Class 1823 Senior Administrative Analyst position (FTE 1.0), and three grant funded class 1822 Administrative Analyst positions (FTE 3.0) at the Office of Cannabis for the period of on- or -around February 11, 2022, through March 31, 2025.**

### **Existing Law**

In November 2016, California voters approved Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act ("Proposition 64"), which legalized adult use cannabis in California for individuals 21 years of age and older. Police Code Article 16 authorized the Office of Cannabis to administer and enforce a local permit scheme for cannabis businesses. SB 129 (Stats. 2021, Ch. 69) created the Local Jurisdiction Assistance Grant Program, administered by the Department of Cannabis Control ("Department"), to dedicate funding to local jurisdictions with the greatest needs to transition provisional commercial cannabis licenses to annual commercial cannabis licenses.

### **Amendments to Current Law**

The proposed ordinance authorizes the Office of Cannabis to accept and expend a Local Jurisdiction Assistance grant from the Department to support the Office of Cannabis' efforts to transition temporary local permits and provisional state licenses to permanent local permits and state licenses by funding additional staff and capacity in the Office of Cannabis. The grant term is from February 11, 2022 through March 31, 2025. The grant includes a provision for indirect costs of \$57,514.50.

Pursuant to Administrative Code §10.170-1(b), the ordinance also amends the Annual Salary Ordinance for FY 2021-2022 and FY 2022-2023 to reflect the additional grant funded positions.

FILE NO. 220001

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File Number: 220001  
(Provided by Clerk of Board of Supervisors)



**Grant Ordinance Information Form**  
(Effective July 2011)

Purpose: Accompanies proposed Board of Supervisors ordinances authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: California Department of Cannabis Control, Local Jurisdiction Assistance Grant Program
2. Department: City Administrator / Office of Cannabis
3. Contact Person: Ken Bukowski Telephone: 415-554-6172
4. Grant Approval Status (check one):  
☐ Approved by funding agency ☒ Not yet approved
5. Amount of Grant Funding Approved or Applied for: \$3,075,769
6. a. Matching Funds Required: \$  
b. Source(s) of matching funds (if applicable):
7. a. Grant Source Agency: California Department of Cannabis Control  
b. Grant Pass-Through Agency (if applicable):
8. Proposed Grant Project Summary: To fund projects addressing the California Environmental Quality Act as it pertains to commercial cannabis permitting.
9. Grant Project Schedule, as allowed in approval documents, or as proposed:  
Start-Date: TBD End-Date: March 31, 2025
10. Number of new positions created and funded: Five (5)
11. Explain the disposition of employees once the grant ends? Temporary exempt positions would end.
12. a. Amount budgeted for contractual services: \$75,000  
b. Will contractual services be put out to bid? To be determined  
c. If so, will contract services help to further the goals of the Department's Local Business Enterprise (LBE) requirements? Yes  
d. Is this likely to be a one-time or ongoing request for contracting out? One time
13. a. Does the budget include indirect costs? ☒ Yes ☐ No  
b. 1. If yes, how much? \$25,000  
b. 2. How was the amount calculated? Percentage of costs applied to facilities, IT, and admin.  
c. 1. If no, why are indirect costs not included?  
☐ Not allowed by granting agency ☐ To maximize use of grant funds on direct services  
☐ Other (please explain):  
c. 2. If no indirect costs are included, what would have been the indirect costs?
14. Any other significant grant requirements or comments:

**\*\*Disability Access Checklist\*\***

15. This Grant is intended for activities at (check all that apply):

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Existing Site(s)      | <input type="checkbox"/> Existing Structure(s)      | <input checked="" type="checkbox"/> Existing Program(s) or Service(s) |
| <input type="checkbox"/> Rehabilitated Site(s) | <input type="checkbox"/> Rehabilitated Structure(s) | <input checked="" type="checkbox"/> New Program(s) or Service(s)      |
| <input type="checkbox"/> New Site(s)           | <input type="checkbox"/> New Structure(s)           |   |

16. The Departmental ADA Coordinator or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

*Reviewed per item 16 - no additional comments. REV 1*



Departmental ADA Coordinator or Mayor's Office of Disability Reviewer:

*John Romaidis*

(Name)

*Acting Director - Mayor's Office on Disability*

(Title)

Date Reviewed: *11/24/2021*

*[Signature]*  
(Signature Required)

Overall Department Head or Designee Approval:

*John Pierce*

(Name)

*Acting Director, Office of Cannabis*

(Title)

Date Reviewed: *11/24/21*

*[Signature]*  
(Signature Required)

## Budget Worksheet Instructions

General Guidance	
<b>Step 1</b>	Enter the jurisdiction's name and Total Grant Amount Requested where indicated at the top of the spreadsheet. Complete each section as specified below.
<b>Step 2</b>	Make sure the information provided in this budget spreadsheet matches the response to the budget narrative question in the online application.
<b>Step 3</b>	Ensure all information is complete and correct. If the Grand Total does not match the Total Grant Amount Requested.
<b>Step 4</b>	Provide the budget workbook as an excel file (do not convert to a PDF).

Guidance on Budget Worksheet Sections	
Direct Technical Assistance Costs	
Direct costs are costs that can be identified specifically with a particular project or can be directly assigned to a project activity relatively easily with a high degree of accuracy. Typically, direct costs include, but are not limited to, compensation for employees who work directly on the project, travel, equipment, and supplies necessary to the project.	
<b>Section A. Personnel</b>	Indicate the jurisdiction's expenses related to personnel that will provide direct technical assistance to the intent of the grant program.
<b>Personnel Classifications</b>	List the title of the staff member(s).
<b>Role in Project</b>	Describe their role in the grant program
<b>Annual Salary and Benefits</b>	Enter the annual salary and benefits (in dollars) for each staff member using only numeric characters.
<b>Percentage of Time Per Fiscal Year (FY)</b>	Enter the full-time equivalent (FTE) percent of time using only numeric characters. For example, for 25% enter 0.25.
<b>Total</b>	Total of personnel expenses for the length of the grant.
<b>Section B. Other</b>	Indicate the jurisdiction's expenses related to the direct support of the grant program.
<b>Cost Category/ Type or Vendor:</b>	Provide the cost category and type of expense or vendor's name (if known) associated with the item. See "Cost Categories" tab for more details.
<b>Description:</b>	Describe the purpose of the expense/item in the grant program.
<b>Amount:</b>	Enter the cost of the expense/item.
<b>Percentage of Costs Per Fiscal Year (FY):</b>	Enter the percent of expense/item total for that FY using only numeric characters. For example, for 25% enter 0.25.
<b>Total:</b>	Total of other expenses for the length of the grant.
Indirect / Administrative Assistance Costs	
Indirect costs (also known as "facilities and administrative costs") are costs incurred for a common or joint objective that cannot be identified specifically with a particular project. Typically, indirect costs include, but are not limited to, compensation for executive officers, and administrative and clerical staff, costs of operating and maintaining facilities, general administration expenses (such as supplies that cannot be identified specifically with a particular project), accounting and personnel services, depreciation, and insurance. The salaries of administrative and clerical staff should normally be treated as indirect costs. However, direct charging of these costs may be appropriate where all of the following conditions are met: 1. Administrative or clerical services are integral to the project or activity; 2. Costs involved can be specifically identified with the project or activity; 3. Such costs are explicitly included in the approved budget; and, 4. The costs are not also recovered as indirect costs.	
<b>Section C. Personnel</b>	Indicate the jurisdiction's expenses related to personnel that will provide indirect/administrative assistance to the intent of the grant program.
<b>Personnel Classifications:</b>	List the title of the staff member(s).
<b>Role in Project:</b>	Describe their role in the grant program
<b>Annual Salary and Benefits:</b>	Enter the annual salary and benefits (in dollars) for each staff member using only numeric characters.
<b>Percentage of Time Per Fiscal Year (FY):</b>	Enter the full-time equivalent (FTE) percent of time using only numeric characters. For example, for 25% enter 0.25.
<b>Total:</b>	Total of personnel expenses for the length of the grant.
<b>Section D. Other</b>	Indicate the jurisdiction's expenses related to the indirect/administrative support of the grant program.
<b>Cost Category/ Type or Vendor:</b>	Provide the cost category and type of expense or vendor's name (if known) associated with the item. See "Cost Categories" tab for more details.
<b>Description:</b>	Describe the purpose of the expense/item in the grant program.
<b>Amount:</b>	Enter the cost of the expense/item.
<b>Percentage of Costs Per Fiscal Year (FY):</b>	Enter the percent of expense/item total for that FY using only numeric characters. For example, for 25% enter 0.25.
<b>Total:</b>	Total of other expenses for the length of the grant.

<b>Section E. Totals</b>	
<b>Direct Technical Assistance Costs Total:</b>	Total of personnel and other expenses associated with direct technical assistance of the grant program.
<b>Indirect/Administrative Assistance Costs Total:</b>	Total of personnel and other expenses associated with indirect/administrative assistance of the grant program.
<b>Grand Total:</b>	Total of all exepenses associated with the grant program. This total should match the "Total Grant Amount Requested."

### Allowable Cost Categories

The following are list of potential "Cost Categories" that could be indentified on the Budget Worksheet:

Item	Description
<b>Contractual/ Consultant Costs (Professional Services)</b>	Contractual/consultant costs are the expenses associated with purchasing goods and/or procuring services performed by an individual or organization other than the applicant in the form of a procurement relationship.
<b>Equipment (Rented or Leased)</b>	May be allowable for rental costs of general purpose equipment. Vehicles may be leased, but not purchased. The lease or rental agreement must terminate at the end of the grant cycle.
<b>Facilities</b>	Office space associated with the personnel indentified in grant program, both direct and indirect.
<b>Information Technology Systems</b>	Allowable for website development, mobile apps, etc., which are not considered to be information technology systems, if it is necessary to carry out the proposal.
<b>Printing and Publications</b>	Pay the costs of preparing information leaflets, reports, manuals, and publications relating to the project; however, the printing of hard copies is discouraged given the prevalence of electronic/virtual publication means.
<b>Supplies</b>	All tangible personal property, other than those described as Equipment (less than \$5,000), regardless of the length of its useful life.
<b>Training</b>	When the training is required to meet the objectives of the project or program.

\*Allowable costs shall not supplant existing cannabis-related funding.

Jurisdiction Name	City and County of San Francisco	
Total Grant Amount Requested:	\$	3,075,769.00

Personnel that will provide direct technical assistance to support the intent of the grant program. Include the cost of salary and benefits for time spent working on the grant by the employees of the jurisdiction.								TOTAL
Personnel Classification		Role in Grant Program	Annual Salary & Benefits	FY 21-22 Percentage of Time	FY 22-23 Percentage of Time	FY 23-24 Percentage of Time	FY 24-25 Percentage of Time	
<b>Example</b>	<b>Local Planner</b>	<b>Reviews CEQA documentation provided by applicants.</b>	<b>\$ 150,000.00</b>	<b>0.50</b>	<b>0.75</b>	<b>1.00</b>	<b>1.00</b>	<b>\$ 487,500.00</b>
A1	New Permit Analyst	Review and process permit applications for the	\$ 156,218.00	0.25	1.00	1.00	1.00	\$ 507,708.50
A2	New Permit Analyst	Review and process permit applications for the	\$ 156,218.00	0.25	1.00	1.00	1.00	\$ 507,708.50
A3	New Permit Analyst	Review and process permit applications for the	\$ 156,218.00	0.25	1.00	1.00	1.00	\$ 507,708.50
A4	New Lead Permit	Lead the review and processing of permit	\$ 179,856.00	0.25	1.00	1.00	1.00	\$ 584,532.00
A5	New City Planner	Review and process cannabis applications for	\$ 186,856.00	0.21	1.00	1.00	1.00	\$ 599,780.90
A6	New Grant Management Position	Lead reporting and administration for the grant, assist Permit Lead with difficult applications	\$ 204,758.00	0.10	0.20	0.20	0.20	\$ 143,330.60
A7								\$ -
A8								\$ -
A9								\$ -
A10								\$ -
A11								\$ -
A12								\$ -
Direct Technical Assistance Costs - Personnel								\$ 2,850,769.90

Items that provide direct benefits to the intent of the grant program.								TOTAL
Cost Category / Service or Vendor (if known)		Description	Annual Cost	FY 21-22 Percentage of Costs	FY 22-23 Percentage of Costs	FY 23-24 Percentage of Costs	FY 24-25 Percentage of Costs	
Example	Contractual / Environment Consultants	Contractor to assist with the development of a PEIR for the county.	\$ 500,000.00	1.00	0.50	0.50	0.50	\$ 1,250,000.00
B1	Equity TA	Technical assistance provided to equity applicants for purpose of meeting regulatory obligations	\$ 37,500.00	0.00	1.00	1.00	0.00	\$ 75,000.00
B2	Technical support	Support from City partners to improve,	\$ 50,000.00	0.30	0.50	1.00	0.70	\$ 125,000.00
B3								\$ -
B4								\$ -
B5								\$ -
B6								\$ -
B7								\$ -
Direct Technical Assistance Costs - Other								\$ 200,000.00

To provide or fund administrative assistance to support the intent of the grant program. Cost of salary and wages for time spent supporting the work of the grant.								TOTAL
Personnel Classification		Role in Grant Program	Annual Salary & Benefits	FY 21-22 Percentage of Time	FY 22-23 Percentage of Time	FY 23-24 Percentage of Time	FY 24-25 Percentage of Time	
Example	Accounting Analyst	To track expenditures associated with the grant.	\$ 89,000.00	0.25	0.25	0.25	0.25	\$ 89,000.00
C1								\$ -
C2								\$ -
C3								\$ -
C4								\$ -
C5								\$ -
C6								\$ -
C7								\$ -
C8								\$ -
C9								\$ -
C10								\$ -
C11								\$ -
C12								\$ -
Indirect/Administrative Costs - Personnel								\$ -

Items that provide administrative or indirect support to the intent of the grant program.								TOTAL
Cost Category / Service or Vendor (if known)		Description	Annual Cost	FY 21-22 Percentage of Costs	FY 22-23 Percentage of Costs	FY 23-24 Percentage of Costs	FY 24-25 Percentage of Costs	
EX	Facilities / Headquarters	Costs associated with office space for direct technical assistance staff.	\$ 1,250,000.00	0.02	0.02	0.02	0.01	\$ 81,250.00
D1	Materials and supplies	Overhead budget for materials and supplies to support new staff positions	\$ 10,000	1.50	0.33	0.34	0.33	\$ 25,000.00
D2								\$ -
D3								\$ -
D4								\$ -
D5								\$ -
D6								\$ -
D7								\$ -
Direct Technical Assistance Costs - Other								\$ 25,000.00

<b>Direct Technical Assistance Costs - TOTAL</b>		<b>\$ 3,050,769.00</b>
<b>Indirect/Administrative Costs - TOTAL</b>		<b>\$ 25,000.00</b>
<b>GRAND TOTAL</b>		<b>\$ 3,075,769.00</b>



## Applicant Information

**Local Jurisdiction Name:** City and County of San Francisco

**Federal Tax ID Number:** 94-6000417

### **Entity Submitting the Application:**

- Name: City and County of San Francisco Office of Cannabis
- Address: 49 South Van Ness, San Francisco, CA, 94103
- Phone: 628-652-0420
- Email: [officeofcannabis@sfgov.org](mailto:officeofcannabis@sfgov.org)

### **Point of Contact:**

- Name: John Pierce
- Title: Acting Director, Office of Cannabis
- Address: 49 South Van Ness, San Francisco, CA, 94103
- Phone: 415-814-2890
- Email: [john.r.pierce@sfgov.org](mailto:john.r.pierce@sfgov.org)

### **Grant Funds Requested:**

- Designated Allocation: \$3,075,769
- Requested Amount: \$3,075,769

## Executive Summary

The City and County of San Francisco's Office of Cannabis (OOC) is excited to submit this application; we believe that the proposal below will contribute to a mature, stable, and permanently licensed cannabis business community in San Francisco.

Our proposal is straightforward: we would like to dedicate 93% of our award to the creation of new staff positions that will process cannabis permits more quickly and efficiently. A faster local permitting process will allow our office to move applications through critical bottlenecks that prevent the issuance of permanent state licenses.

One specific bottleneck that these new positions will address is the referral of applications to California Environmental Quality Act (CEQA) review. Currently, more than one hundred of San Francisco's applicants are operating on temporary local permits and provisional state licenses. Our understanding is that these applicants cannot be issued a permanent state license until they have completed state CEQA review. State CEQA review cannot be completed until local CEQA review is complete. Local CEQA review cannot begin until the OOC processes temporary permit holders' applications for permanent permits. OOC has been slow to process applications for permanent permits because of a lack of sufficient staffing capacity to address the substantial queue of applications that has existed since the Office's creation.

Our proposal addresses the root cause of this problem by creating more positions to process permits through local CEQA review, and more staff to conduct that CEQA review. Faster OOC referrals and faster CEQA reviews will result in faster conversions from provisional to permanent state licenses.

Importantly, this proposal would provide substantial benefits to our equity applicants. To date, San Francisco's robust equity program has verified over 400 hundred equity applicants. Many of these equity applicants struggle to afford San Francisco's high rent and overhead costs during our permitting process, and moving equity applications more quickly through all stages of the pipeline will save the equity applicant community a considerable amount of time and money. In turn, this will help to stand-up the regulated industry and push back on the unregulated market.



## Application Narrative

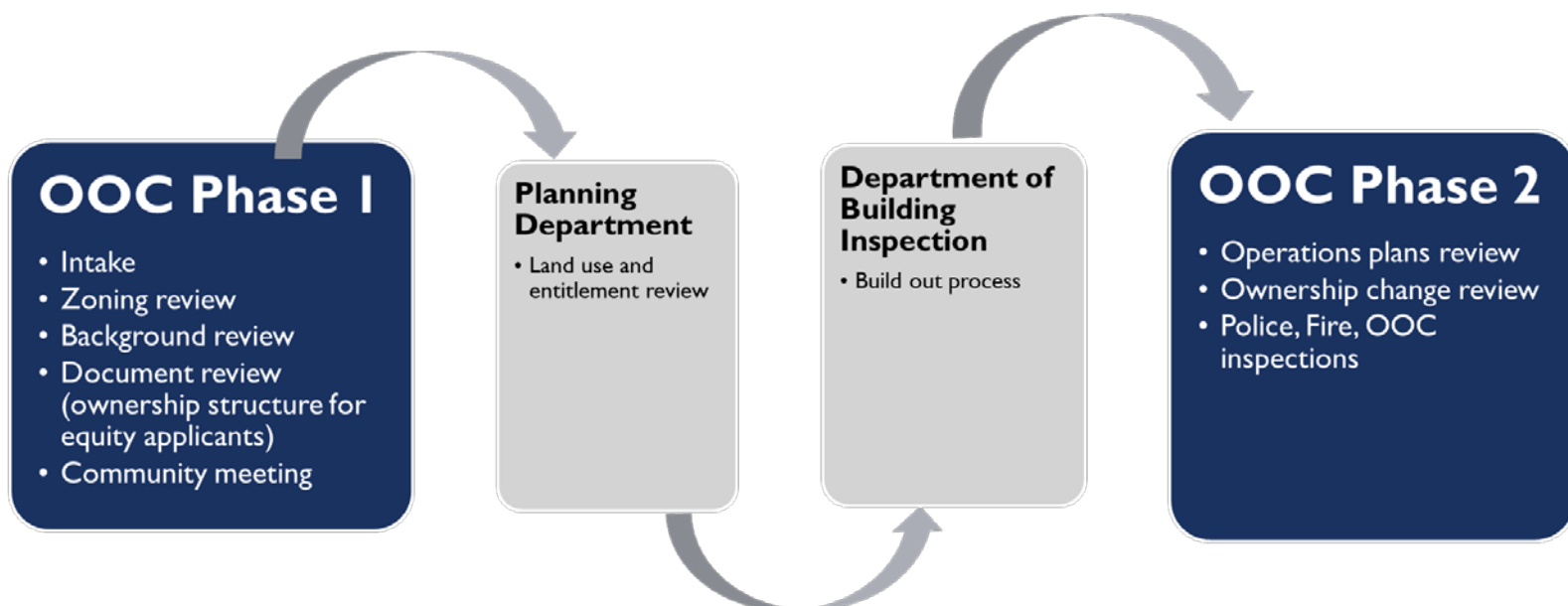
### **Program Description**

1. *Identify the necessary requirements for a local permit for commercial cannabis activity to be issued. Describe or attach a visual of your permitting process. Clearly identify when site-specific CEQA is conducted.*

The City and County of San Francisco's cannabis permit process encompasses the following four stages:

1. An initial round of application review conducted by the OOC (Phase 1 in Figure 1 below). This round of processing is designed to ensure that application information is accurate, that the proposed site of a new business is properly zoned, and that the proposed ownership structure for the new business meets requirements. This stage also includes a background check on owners and preparations for community outreach.
2. A second round of processing and review conducted by the Planning Department (PLN) to ensure that the proposed location meets local code and regulations (including site-specific CEQA review). This process includes many different kinds of review, including a review to ensure that the proposed activity (e.g. storefront retail) is allowed on the proposed site, and a public hearing.
3. A third round of inspections and verification by the Department of Building Inspection ensures that the applicant's constructed space meets local code and regulations. This includes mechanical checks to ensure that the fundamental construction of the building is sound, safe, and inhabitable.
4. A fourth and final round of review and approval by the OOC (Phase 2 below) to ensure that the finished building meets cannabis-specific requirements (e.g. operation plans), and that any changes to the approved ownership structure during processing meets applicable requirements.

*Figure 1: San Francisco Cannabis Permitting Process*



1. *Describe the applicable environmental review process relevant to the cannabis permits that you allow for in your jurisdiction.*

In San Francisco the Planning Department is the lead agency for environmental reviews, including the local CEQA review. This review is conducted pursuant to state law and San Francisco Administrative Code Chapter 31. Local CEQA review includes a determination of what categorical exemptions, if any, the project may qualify for, as well as a review of any special circumstances that may disqualify categorical exemptions. To date, almost all cannabis projects have qualified for categorical exemptions, typically under Class 1 or Class 3 categorical exemptions.

These projects have typically qualified for “Common Sense Exemptions” due to their limited scope of work. Larger facilities may require additional CEQA review, such as preparation of a Negative Declaration or Environmental Impact Report, due to their larger size and potential for environmental impact. These larger facilities are within subsequent tiers of review by the OOC and will be reviewed by the Planning Department over the next few years.

2. *Identify what requirements must be met by your permittee when providing the state with local authorization response for each of the following:*
  - a. *“In compliance”*
  - b. *“Compliance under way”*
  - c. *“Not in compliance”*

a) In compliance

A permittee is deemed “in compliance” when we determine that the entity is compliant with San Francisco ordinances and regulations and that the entity is ready and authorized to engage in the requested commercial cannabis activity (or will imminently be ready and authorized).

In San Francisco, we consider the following categories to be “in compliance”:

- Permanent permit holders
- Permanent permit applicants who have been approved by other city agencies to begin building their business in anticipation of imminent opening
- Medical cannabis dispensaries that existed before legalization and hold a current medicinal permit
- Other operators that have been issued temporary permits pending processing into the permanent permit program

b) Compliance under way

We report a “compliance under way” status when there is a viable pathway for a local applicant to realize a temporary or medicinal permit, but the applicant has not yet been fully approved to open. This is a limited use case with a small number of reports.

c) Not in compliance

We report that an entity is “not in compliance” when the applicant entity is not meeting their regulatory obligations, is not authorized to conduct their activity or is not likely to be imminently

authorized. This includes all of our applications for permanent permits that have not yet been approved for final build-out by other City departments.

### Statement of Needs/Problem Statement

#### **Describe the challenges in the local jurisdiction permitting process that impede the timely transition of your permittees' license from a provisional license to an annual license.**

San Francisco's cannabis permitting process involves a variety of requirements and layers of review. As a result, applications can take more than two years to be processed from the initial review to the issuance of a final permit. Compounding this lengthy approval process is a large queue of permanent permit applications, which can take more than a year for the OOC to begin to review.

Both of these problems are exacerbated by one of the fundamental challenges confronted by the OOC: a lack of sufficient staff to process a substantial queue of applications for permanent permits catalyzed by cannabis legalization. In the first year of the office's existence, hundreds of applications were submitted to an OOC staffed by three people, and the ensuing backlog has not yet been reduced to zero.

The length of time required to process a permit application, and the slow pace of the backlog reduction (while applicants continue to submit applications), is a significant barrier to issuing permanent permits and permanent state licenses. Applicants cannot be considered for a permanent state license until they are processed through certain critical stages of the local permit process. As a result, the difficulties experienced in the local permitting process have slowed the process of permanent state licensing.

Our understanding is that the most critical barrier to the issuance of a state license is the completion of state CEQA review. In San Francisco, applicants cannot complete the local CEQA review process (a prerequisite for State CEQA review) until the OOC refers an application to the Planning Department. This requires sufficient staff in both the OOC and PLN to first process hundreds of applications.

As of May 2021, the state reported a total count of provisional licenses in San Francisco of 118. Because of the size and structure of our applicant pool, we know that the vast majority of those provisional licenses have been awarded to applicants who have not yet completed Phase 1 of OOC processing.

Moving more of our applicants more quickly through the local processing pipeline, specifically through Phase 1 and local CEQA review, will result in a timelier transition of our applicant pool from provisional to permanent state licenses.

#### **If you have an equity program, describe any additional challenges in implementing the equity program in your local jurisdiction and/or challenges faced by equity applicants in receiving local permits and annual state licenses.**

A critical challenge faced by equity applicants in San Francisco is the cost of rent. Applicants must secure space in which to operate at the start of the application process; because real estate carrying costs are high, and because the permit process can take more than two years, this is not an affordable proposition for applicants whose equity status is contingent on an asset test.

Reducing the time it takes to process an application would reduce these carrying costs. The OOC can increase processing speeds for equity and non-equity applicants by dedicating new staff to the processing of permits.

Additionally, many equity applicants find it difficult to navigate the complex requirements imposed by local regulations. Traditionally, the OOC has helped to address this by providing technical assistance (TA) to equity applicants through trusted partners.

### Goals and Intended Outcomes

**List the goals and intended outcomes of this funding opportunity. Goals should explain how funding will be utilized to impact the issue areas stated in the problem statement. Outcomes should describe specific change(s) or result(s) when the goal is achieved. At a minimum, the following should be addressed:**

- **How CEQA compliance will be achieved**
- **How obstacles will be removed from the permitting process, including opportunities to reduce time to permit issuance.**
- **How these goals will align with the statutory deadlines mandated for maintenance of a provisional license.**
- **Local coordination necessary to reach specific outcomes, if multiple departments, divisions, or offices are involved.**

The specific goals of the OOC in the acceptance of this grant are to:

Action	Intended Outcome
Hire at least four OOC permit processing positions	<ol style="list-style-type: none"><li>1. Fully process the existing queue of permit applications through OOC Phase 1 by the expiration of the grant term</li><li>2. Fully process all permits eligible for OOC Phase 2 by the end of the grant term</li><li>3. Reduce the amount of time future applicants wait to begin Phase 1 or Phase 2 to less than two weeks by the end of the grant term</li></ol>
Hire one new position at the Department of Planning	Reduce the amount of time required to process permits in the PLN review phase, including CEQA compliance
Secure assistance for the OOC to increase the use of automation in the permitting process	Make the permitting process more efficient, reducing staff time required to send emails and collect documents
Provide technical assistance to equity applicants	Assist equity applicants with the technical aspects of regulatory requirements

Procure necessary supplies	Purchase necessary materials and supplies to allow new staff to conduct permitting work
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### Strengthened permit processing team

Our grant proposal dedicates roughly 90% of our budget to new positions dedicated entirely to processing permit applications. The new team will consist of at least four new positions including:

- Three new permit analysts
- One new lead permit analyst

The three permit analysts will be dedicated to processing permit applications. The lead permit analyst will be responsible for training the permit analysts, providing quality assurance, and handling particularly difficult and technical permit applications.

The goal of this permitting team is to process the entire queue of Part 1 permit applications before the expiration of the grant term, and to establish an operational cadence that allows the OOC to begin Part 1 or Part 2 reviews within two weeks of referral.

Moving all of our applications quickly through the pipeline would allow both local permitting and state licensing to move more quickly.

Additionally, our budget proposes a new grant administrator position. This position will be responsible for administering the reporting requirements of this grant, and will occasionally lend technical assistance to the lead permit analyst. This new position will only spend 20% of its time on work related to this grant.

### New Planning Position

The OOC relies on partner agencies in the City to administer different components of the cannabis permit process. Specifically, PLN is responsible for CEQA review, among other responsibilities.

In order to expedite the portion of the permit process administered by PLN, our grant application proposes the creation of one new planner position dedicated to facilitating cannabis permit approval processes conducted by PLN, including local CEQA review.

### IT Assistance in Updating Permitting Processes

The OOC is dedicated to iteratively refining our permit approval process. This application proposes funding for improving and automating portions of our permit approval workflow. The goal of these improvements is to reduce the amount of staff time dedicated to routine administrative work, and to reduce errors in that administrative work. These automations would make the application processes easier for our applicants to understand and navigate. Specific deliverables envisioned by this partnership include:

- Automated reminder emails about due dates for applicants and operators
- Easier to navigate documentation upload for our applicants and automated storage processes for our team
- Enhanced and centralized data storage with automatic reporting capabilities

### Technical Assistance for Equity Applicants

The OOC has previously utilized state grant funding in order to provide our equity community with technical assistance (TA) in meeting local and state regulatory requirements. These areas of TA include: permit and grant support, workforce development, and business development. Each of these program areas were in high demand by our social equity community as evidenced by a 94% grant utilization rate in previous grant cycles.

Our application proposes expanding the amount of assistance our partners can provide to the equity community.

**For those jurisdictions that have been identified as eligible to receive additional funding due to the status of the local equity program, address the following in your goal(s). How this funding, particularly the dollars provided due to local equity program status will:**

- i. Support local equity applicants in entering the regulated cannabis industry;**
- ii. Allow local equity applicants to receive cannabis permits and annual licenses more quickly; and**
- iii. Further support local and/improve equity program implementation.**

The OOC is mandated by local code to prioritize the processing of social equity applications. Because of this requirement, all of the capacity generated by the new positions proposed in this application will be used to process equity permits when equity applications are available. As a result, the equity community will always be first to receive the benefits of this grant.

Additionally, the monetary savings from rent associated with reducing processing time will be a substantial benefit to our equity community. Commercial rent in San Francisco is expensive, and an asset test is part of the equity verification process. As a result, the benefits of reduced processing time will have a profound impact on advancing social equity in the regulated cannabis space.

Finally, our proposal includes additional money for technical assistance for equity applicants in meeting local and state requirements. We have successfully partnered with TA providers in the past, and would like to continue to provide this support in the future.

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**From:** Hillsman, Eugene (ADM)  
**Sent:** Wednesday, May 19, 2021 4:00 PM  
**To:** Rodriguez, Marisa (ADM); Schwartz, Jeremy (ADM)  
**Subject:** FW: Invite: Local Regulators & Local Jurisdiction Assistance Grant Program Briefing

FYI

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**From:** Mirrashidi, Lila@BCSH <Lila.Mirrashidi@bcsh.ca.gov>  
**Sent:** Wednesday, May 19, 2021 3:45 PM  
**To:** Mirrashidi, Lila@BCSH <Lila.Mirrashidi@bcsh.ca.gov>  
**Subject:** RE: Invite: Local Regulators & Local Jurisdiction Assistance Grant Program Briefing

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Good afternoon,

We look forward to the discussion tomorrow with local jurisdictions regarding Governor Newsom's \$100 million Local Jurisdiction Grant Program.

For your reference, I have copied below the proposed appropriations for each jurisdiction. Please see a summary of this program and meeting information in the email below.

3. (a) The Local Jurisdiction Assistance Grant Program will provide funding to local jurisdictions with commercial cannabis licensees needing the greatest assistance in transitioning from a provisional license to an annual license. Local jurisdictions that are eligible for funding, which are listed in subdivision (b) of this provision, represent those with significant numbers of provisional licenses and legacy applicants, and provisional licensees with greater California Environmental Quality Act compliance requirements. Of these jurisdictions, those that have received grant funding from the state to support an already established local equity program, not including Type 1 funding awarded by the Governor's Office of Economic and Business Development, are allocated additional funding.
- (b) Of the amount appropriated in this item, the following local jurisdictions shall be eligible for funding up to the following amounts:
  - (1) \$972,696 of the funding available pursuant to this provision shall be available to the City of Adelanto.
  - (2) \$416,870 of the funding available pursuant to this provision shall be available



- to the City of Commerce.
- (3) \$822,160 of the funding available pursuant to this provision shall be available to the City of Desert Hot Springs.
  - (4) \$18,635,137 of the funding available pursuant to this provision shall be available to the County of Humboldt.
  - (5) \$2,101,143 of the funding available pursuant to this provision shall be available to the County of Lake.
  - (6) \$3,935,942 of the funding available pursuant to this provision shall be available to the City of Long Beach.
  - (7) \$22,312,360 of the funding available pursuant to this provision shall be available to the City of Los Angeles.
  - (8) \$18,084,837 of the funding available pursuant to this provision shall be available to the County of Mendocino.
  - (9) \$1,737,035 of the funding available pursuant to this provision shall be available to the County of Monterey
  - (10) \$9,905,020 of the funding available pursuant to this provision shall be available to the City of Oakland.
  - (11) \$1,221,188 of the funding available pursuant to this provision shall be available to the County of Nevada.
  - (12) \$5,786,617 of the funding available pursuant to this provision shall be available to the City of Sacramento.
  - (13) \$764,261 of the funding available pursuant to this provision shall be available to the City of San Diego.
  - (14) \$3,075,769 of the funding available pursuant to this provision shall be available to the City and County of San Francisco.
  - (15) \$775,841 of the funding available pursuant to this provision shall be available to the City of Santa Rosa.
  - (16) \$1,158,023 of the funding available pursuant to this provision shall be available to the County of Sonoma.
  - (17) \$3,295,102 of the funding available pursuant to this provision shall be available to the County of Trinity.

These figures can be found on pages 4-5 of the Department of Finance letter and Budget Bill Language available at this link: [https://www.dof.ca.gov/Budget/Historical\\_Budget\\_Publications/2021-22/May\\_Revision\\_Finance\\_Letters/documents/Business\\_Consumer\\_Services\\_Housing.pdf](https://www.dof.ca.gov/Budget/Historical_Budget_Publications/2021-22/May_Revision_Finance_Letters/documents/Business_Consumer_Services_Housing.pdf)

Best,  
Lila

Lila Mirrashidi  
Deputy Secretary  
Business, Consumer Services and Housing Agency  
916-591-9546

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**From:** Mirrashidi, Lila@BCSH <[Lila.Mirrashidi@bcsh.ca.gov](mailto:Lila.Mirrashidi@bcsh.ca.gov)>  
**Sent:** Friday, May 14, 2021 5:01 PM  
**To:** Mirrashidi, Lila@BCSH <[Lila.Mirrashidi@bcsh.ca.gov](mailto:Lila.Mirrashidi@bcsh.ca.gov)>  
**Subject:** Invite: Local Regulators & Local Jurisdiction Assistance Grant Program Briefing



Greetings,

Today, Governor Newsom shared his California Comeback Plan and as part of that, he proposed a Local Jurisdiction Assistance Grant Program with one-time funding of \$100 million General Fund for local governments to complete environmental studies, license reviews, and mitigate environmental impacts. This grant program is proposed to go to jurisdictions with larger populations of provisional license holders across the supply chain.

Your jurisdiction is eligible for these funds. For that reason, we invite you to join representatives from the Governor's Office, Business, Consumer Services and Housing Agency, Department of Finance, California Department of Food and Agriculture, California Department of Public Health, and Bureau of Cannabis Control to learn more about the proposal and ask questions.

Date: **Thursday, May 20, 2021**

Time: **11:00 am**

Zoom Link: <https://zoom.us/j/95456745694?pwd=dnVLUHV3UXhFNmdqbKRPVEM0QUFXUT09>

Meeting ID: 954 5674 5694

Passcode: 394144

More information on the grant program below.

In partnership,  
Lila

Lila Mirrashidi  
Deputy Secretary  
Business, Consumer Services and Housing Agency  
916-591-9546

## **Background on the Local Jurisdiction Assistance Grant Program**

### Intent

- Aid local governments in more swiftly processing substantial workloads, including that related to environmental review.
- Support provisional licensees by allowing local governments to pass funding through to applicants for the purposes of assessing and mitigating environmental impacts.
- Apply significant resources toward areas rich in natural resources and that have a high number of small cultivators, as both often require a heightened level of capital to meet environmental compliance standards.
- Provide enhanced resources to eligible jurisdictions implementing equity programs.
- Encourage local governments to modify permitting methods to better align with the state's efforts to create a streamlined and equitable pathway to licensure.

### Allocation Structure

25 Percent of Funds for Category 1:

- The top eight local jurisdictions allowing for licensed cannabis cultivation, based on the number of locations issued a provisional license by the California Department of Food and Agriculture as of May 5, 2021.

25 Percent of Funds for Category 2:

- The top eight local jurisdictions allowing for licensed cannabis manufacturing, based on the number of provisional manufacturing licenses issued by the Department of Public Health as of May 5, 2021; and
- The top eight local jurisdictions allowing for licensed cannabis distribution, testing, microbusiness and/or retail, based on the number of provisional licenses issued by the Bureau of Cannabis Control as of May 5, 2021.

50 Percent of Funds for Category 3:

- Any jurisdiction eligible for Category 1 or 2 that has received California Equity Grant funding to support an established local equity program, excluding Type 1 funding awarded by GO-Biz.

Eligible jurisdictions receive funding based on the proportionate share of their entire provisional license population. Jurisdictions that qualify for Categories 1 and 2 may only seek funding in the category for which they hold the majority of licenses, or, as it relates to cultivation, locations.

You can learn more about the program at the two links below.

Budget Change Proposal:

[https://esd.dof.ca.gov/Documents/bcp/2122/FY2122\\_ORG1115\\_BCP4708.pdf](https://esd.dof.ca.gov/Documents/bcp/2122/FY2122_ORG1115_BCP4708.pdf)

[https://www.dof.ca.gov/Budget/Historical\\_Budget\\_Publications/2021-22/May\\_Revision\\_Finance\\_Letters/documents/Business\\_Consumer\\_Services\\_Housing.pdf](https://www.dof.ca.gov/Budget/Historical_Budget_Publications/2021-22/May_Revision_Finance_Letters/documents/Business_Consumer_Services_Housing.pdf)

Department of Finance Letter and Budget Bill Language (Page 1-7):

[https://www.dof.ca.gov/Budget/Historical\\_Budget\\_Publications/2021-22/May\\_Revision\\_Finance\\_Letters/documents/Business\\_Consumer\\_Services\\_Housing.pdf](https://www.dof.ca.gov/Budget/Historical_Budget_Publications/2021-22/May_Revision_Finance_Letters/documents/Business_Consumer_Services_Housing.pdf)

**TO:** Angela Calvillo, Clerk of the Board of Supervisors

**FROM:** Carmen Chu, City Administrator

**DATE:** November 30, 2021

**SUBJECT:** Accept and Expend Ordinance for Subject Grant

**GRANT TITLE:** California Department of Cannabis Control, Local jurisdiction  
Assistance Grant Program

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Attached please find the original\* and one copy of each of the following:

  x   Proposed grant ordinance; original\* signed by Department, Mayor, Controller

  x   Grant information form, including disability checklist

  x   Grant budget

  x   Grant application

  x   Letter of Intent or grant award letter from funding agency

     Ethics Form 126 (if applicable)

     Contracts, Leases/Agreements (if applicable)

     Other (Explain):

**Special Timeline Requirements:**

**Departmental representative to receive a copy of the adopted ordinance:**

Name: Ken Bukowski, Office of the City Administrator      Phone: 415-554-6172

Interoffice Mail Address: City Hall, Room 362

Certified copy required Yes ☒

No ☐

(Note: certified copies have the seal of the City/County affixed and are occasionally required by funding agencies. In most cases ordinary copies without the seal are sufficient).