

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors](#); [BOS-Legislative Services](#)  
**Subject:** FW: Letter re Cannabis  
**Date:** Monday, November 13, 2017 10:30:59 AM  
**Attachments:** [BOS letter 17.11.10 .pdf](#)

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**From:** Henry Karnilowicz [mailto:occexp@aol.com]  
**Sent:** Sunday, November 12, 2017 8:14 AM  
**To:** Breed, London (BOS) <london.breed@sfgov.org>  
**Cc:** Lee, Edwin (ADM) <edwin.lee@sfgov.org>; Garcia, Barbara (DPH) <barbara.garcia@sfdph.org>; Rahaim, John (CPC) <john.rahaim@sfgov.org>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Secretary, Commissions (CPC) <commissions.secretary@sfgov.org>; Calvillo, Angela (BOS) <angela.calvillo@sfgov.org>; Elliott, Nicole (ADM) <nicole.elliott@sfgov.org>  
**Subject:** Letter re Cannabis

Dear President Breed,

Attached is our letter regarding the regulations of cannabis sales in San Francisco  
Cheers,

[Henry Karnilowicz](#)  
President  
San Francisco Council of District Merchants Associations

1019 Howard Street  
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SFCDMA

## San Francisco Council of District Merchants Associations

Henry Karnilowicz  
President

Maryo Mogannam  
Vice President

Vas Kiniris  
Secretary

Keith Goldstein  
Treasurer

### 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 Associations, 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. Consumption: 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. Buffer Requirements & Sensitive Uses: 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.



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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  
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415.420.8113 cell  
[henry@sfcdma.org](mailto: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



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