

File No. 180054

Committee Item No. 6

Board Item No. 2

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Rules Committee

Date February 28, 2018

Board of Supervisors Meeting

Date MARCH 13, 2018

Cmte Board

- | | | |
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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance |
| <input checked="" type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Memorandum of Understanding (MOU) |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 - Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 700 |
| <input type="checkbox"/> | <input type="checkbox"/> | Vacancy Notice |
| <input type="checkbox"/> | <input type="checkbox"/> | Information Sheet |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>BIC RESPONSE - FEBRUARY 21, 2018</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>REFERRALS - JANUARY 22 & 25, 2018</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
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Completed by: Alisa Somera Date February 23, 2018

Completed by: JOAN CARROLL Date MARCH 1 2018

1 [Building Code - Waiver and Refund of Investigation Fee for Persons Registered with the
2 Office of Cannabis]

3 **Ordinance waiving and refunding investigation fees imposed by Building Code,**
4 **Section 107A.5, for persons (as defined in Police Code, Section 1602) registered with**
5 **the Office of Cannabis.**

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

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

14 Section 1. Findings and Purpose.

15 (a) To ensure that the cannabis industry in San Francisco operates in a manner that
16 promotes health and safety, and that otherwise conforms to applicable regulatory standards,
17 the City and County of San Francisco has encouraged potential participants in that industry to
18 register with the Office of Cannabis. Indeed, Persons (as defined in Police Code Section
19 1602) who wish to operate a Cannabis Business (as defined in the same Section) are
20 required, under Police Code Section 1605, to be registered with the Office of Cannabis to
21 obtain a Temporary Cannabis Business Permit. Persons who register with the Office of
22 Cannabis are required to submit to inspections of the proposed Cannabis Business's
23 premises by the Department of Building Inspection, in addition to certain other City
24 departments, agencies, and offices.

25 (b) Building Code Section 107A.5 imposes an investigation fee for any work performed
without a required Building Code permit. As described in Building Code Table 1A-K

1 ("Penalties, Hearings, Code Enforcement Assessments"), the amount of this investigation fee
2 is generally "9 times the Permit Issuance Fee plus the original permit fee." Imposing this
3 investigation fee on Persons who are registered with the Office of Cannabis would likely be
4 perceived as unfair or punitive by those who have cooperated with the City's efforts to
5 regulate the cannabis industry in a manner that promotes health and safety. Likewise,
6 imposing this fee might discourage similar cooperation by such Persons in the future.

7
8 Section 2. Waiver of Investigation Fee Imposed by Building Code Section 107A.5;
9 Refund of Fees Previously Collected.

10 (a) The investigation fee imposed by Section 107A.5 of the Building Code is hereby
11 waived with respect to Persons who are registered with the Office of Cannabis. Accordingly,
12 neither the Department of Building Inspection, nor any other City department, agency, or
13 office, may collect this fee from any Person who is registered with the Office of Cannabis.

14 (b) This ordinance is retroactive to September 26, 2017. Accordingly, the Department
15 of Building Inspection, and, if applicable, any other City department, agency, or office, shall
16 refund any fees described in subsection (a) that have, as of the effective date of this
17 ordinance, already been collected.

18
19 Section 3. Sunset Provision.

20 Section 2 of this ordinance shall be inoperative after December 31, 2018. After that
21 date, Persons registered with the Office of Cannabis shall again be subject to the investigation
22 fee imposed by Section 107A.5 of the Building Code. After that date, the Department of
23 Building Inspection, and, as applicable, other City departments, agencies, or offices, may
24 impose this fee on Persons registered with the Office of Cannabis, for unpermitted work that
25 occurs, or other Building Code violations that exist, after that date.

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Section 4. Effective Date; Retroactivity.

(a) 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.

(b) As stated in subsection (b) of Section 2 of this ordinance, the fee waiver described in Section 2 of this ordinance shall be retroactive to September 26, 2017.

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

By: Matthew Lee
MATTHEW LEE
Deputy City Attorney

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LEGISLATIVE DIGEST

[Building Code - Waiver and Refund of Investigation Fee for Persons Registered with the Office of Cannabis]

Ordinance waiving and refunding investigation fees imposed by Building Code, Section 107A.5, for persons (as defined in Police Code Section 1602) registered with the Office of Cannabis.

Existing Law

To obtain a Temporary Cannabis Business Permit, applicants must register with the Office of Cannabis.

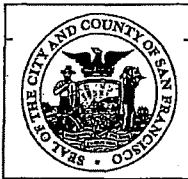
Registered cannabis businesses are required to submit to inspections of their premises by the Department of Building Inspection, in addition to other City agencies. These DBI inspections have discovered work that was performed without required Building Code permits. Building Code Section 107A.5 imposes a fee (which Section 107A.5 describes as an "investigation fee") for work performed without a required Building Code permit. The amount of this fee is substantial-generally, "9 times the Permit Issuance Fee plus the original permit fee."

Amendments to Current Law

This ordinance waives the "investigation fee" imposed by Building Code Section 107A.5 with respect to potential cannabis businesses registered with the Office of Cannabis. This fee waiver is retroactive to September 26, 2017 (the date on which the Office of Cannabis began accepting registrations); thus, the ordinance would require the City to refund fees collected since that date.

The ordinance sunsets after December 31, 2018. After that date, registered cannabis businesses shall again be subject to "investigation fees" under Building Code Section 107A.5.

Nothing in this ordinance would exempt registered cannabis businesses from the responsibility to bring their premises into compliance with the Building Code, or from any other fees imposed by the Building Code.



BUILDING INSPECTION COMMISSION (BIC)

Department of Building Inspection Voice (415) 558-6164 - Fax (415) 558-6509
1660 Mission Street, San Francisco, California 94103-2414

February 21, 2018

Mark Farrell
Mayor

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors, City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4694

COMMISSION

Angus McCarthy
President

Debra Walker
Vice-President

Kevin Clinch
Gail Gilman
John Konstin
Frank Lee
James Warshell

Dear Ms. Calvillo:

RE: File No. 180054

Ordinance waiving and refunding investigation fees imposed by Building Code, Section 107A.5, for persons (as defined in Police Code, Section 1602) registered with the Office of Cannabis.

Sonya Harris
Secretary

The Building Inspection Commission met and held a public hearing on February 21, 2018 regarding File No. 180054 on the proposed ordinance referenced above. The Commissioners voted unanimously to support the ordinance.

Shirley Wong
Assistant Secretary

Tom C. Hui
Director

The Commissioners voted as follows:

President McCarthy	Yes	Vice-President Walker	Yes
Commissioner Clinch	Excused	Commissioner Gilman	Yes
Commissioner Konstin	Yes	Commissioner Lee	Yes
Commissioner Warshell	Yes		

Should you have any questions, please do not hesitate to call me at 558-6164.

Sincerely,

Sonya Harris
Sonya Harris
Commission Secretary

cc: Tom C. Hui, S.E., Director
Nicole Elliott, Director
Supervisor Jeff Sheehy
Board of Supervisors
Mayor Mark Farrell



March 6, 2018

San Francisco Board of Supervisors
1 Carlton Goodlett Place
San Francisco, CA 94102
Via email

Re: Support for File # 180054 "Waiver and Refund of Investigation Fee for Persons Registered with the Office of Cannabis"

Founded in 2004, The Green Cross prides itself on its "patients first" mantra and compassionate approach to cannabis. Legally permitted by the City and County of San Francisco, The Green Cross has operated at its current retail storefront location at 4218 Mission Street since 2013. Our store provides patient education, neighborhood safety services, and low-priced quality medicine. In addition to retailing cannabis products, apparel, and other accessories, The Green Cross also manufactures edible cannabis products under the IncrediMeds brand. We appreciate the Board of Supervisors's attention to cannabis regulation, especially over the past year, and your consideration of our comments and suggestions below.

We ask that you support the ordinance to waive or refund the investigation fee that has been levied on cannabis facilities following temporary permit safety inspections. While we have not yet received these burdensome bills, we may in the future, and we sympathize with our peers. Contrary to popular misconception, many responsible operators of cannabis businesses do not have significant cash reserves. The overwhelming new (state and local) regulatory burdens our industry faces are tremendously greater than those of any other industry. In particular, The Green Cross operates as a nonprofit organization and, even though cannabis businesses may now operate for-profit, most San Francisco cannabis businesses are still not-for-profits to this day. We have continually improved our prices and reinvested in services for our members, not saved up against the day when these inspection fees would come.

Note that the city of Berkeley has recently lowered its local sales tax on adult-use cannabis from 10% to 5%, and the city of Oakland is considering following suit. These measures will help those cities' retailers stay competitive, and even stay in business, as we continue to realize the full impact of the new state cultivation taxes and state excise tax. We urge the San Francisco Board of Supervisors, not only to



waive inspection fees for all of 2018 as recommended by the Building Inspection Commission, but also to avoid placing a burdensome cannabis tax on this November's city ballot. Such an additional tax would only fuel the illicit market that avoids regulation and testing, thus hurting patients. The cannabis industry is at a fragile crossroads. In this burdensome regulatory transition, we are losing many advocates for drug policy reform to profit incentives.

Please pass File No. 180054, and transmit responses and any other relevant correspondence to KevinReed@TheGreenCross.org and jesse.stout@greenbridgelaw.com.

Regards,

Kevin Reed
Founder & President
The Green Cross

Somera, Alisa (BOS)

From: Board of Supervisors, (BOS)
Sent: Tuesday, March 06, 2018 10:08 AM
To: BOS-Supervisors; Somera, Alisa (BOS)
Subject: FW: Investigation Fee

From: bridget [mailto:bridgetmay@gmail.com]
Sent: Tuesday, March 06, 2018 9:26 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Breed, London (BOS) <london.breed@sfgov.org>; Cohen, Malia (BOS) <malia.cohen@sfgov.org>; Fewer, Sandra (BOS) <sandra.fewer@sfgov.org>; Kim, Jane (BOS) <jane.kim@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Ronen, Hillary <hillary.ronen@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; Sheehy, Jeff (BOS) <jeff.sheehy@sfgov.org>; Stefani, Catherine (BOS) <catherine.stefani@sfgov.org>; Tang, Katy (BOS) <katy.tang@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>
Cc: bridget may <bridget@littlegreenbee.net>
Subject: Investigation Fee

Dear Board of Supervisors,

I understand that you will be hearing the ordinance put forward by the Office of Cannabis and Supervisor Sheehy's Office that seeks to waive or refund the Investigation Fee that has been levied on numerous facilities as a result of the temporary permit life safety inspections.

I run a small business struggling to survive in San Francisco and am doing my very best to comply with everything put before me. I urge you to pass this ordinance. In January I signed an affidavit promising to stop production until I am fully compliant and permitted. I am now running low on cash and don't have a clear idea of when I will be able to start up my business again. This means I have had no cash flow for several months already.

Cannabis businesses are not able to get business loans. All the seed money I have is from my own savings. Also, I'm being taxed at a higher rate not to mention I won't be able to write off many of the normal business expense afforded to any other business. Because of this I am already making significant contributions to city revenues

It would be wonderful if the regulators could work with us to help us make this transition feasible. there are many responsible business owners, like myself, who have agreed to the inflated costs of accelerating build-outs in order to come into compliance within the short time frame following the passage of legislation, the clarification of inspection protocols, and the scheduled date of inspection.

Given the complexity and comprehensiveness of the regulations, small cannabis businesses like mine have also had to hire numerous consultants and attorneys to move toward compliance in a short period. The idea that all cannabis businesses are loaded with money is just not true! I wish I was. Many are tiny start ups facing huge financial challenges and many are going out of business already. Just ask my CPA. He is freaking out and is now demanding a retainer for new clients.

I respectfully request that you acknowledge the hardships of being in the first round of businesses under this new and complex regulatory structure, as well as the general challenges of surviving as a small business in San Francisco today. My industry faces widespread **price gouging by landlords**, in addition to the high regulatory costs. I am doing everything I can to come into compliance in this short time frame and appreciate your support and understanding.

Thank you so much for everything you do!

Bridget May
Little Green Bee
(415) 652-1335

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: Tom Hui, Director, Department of Building Inspection
Sonya Harris, Secretary, Building Inspection Commission

FROM: *ll*
for Alisa Somera, Legislative Deputy Director
Land Use and Transportation Committee

DATE: January 25, 2018

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following legislation, introduced by Supervisor Sheehy on January 9, 2018:

File No. 180054

Ordinance waiving and refunding investigation fees imposed by Building Code, Section 107A.5, for persons (as defined in Police Code, Section 1602) registered with the Office of Cannabis.

The proposed ordinance is being transmitted pursuant to Charter, Section D3.750-5, for public hearing and recommendation. It is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Please forward me the Commission's recommendation and reports 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: William Strawn, Department of Building Inspection
Carolyn Jayin, Department of Building Inspection

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: *AS* Alisa Somera, Legislative Deputy Director
Land Use and Transportation Committee

DATE: January 19, 2018

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Land Use and Transportation Committee

The Board of Supervisors' Land Use and Transportation 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. 180054

Ordinance waiving and refunding investigation fees imposed by Building Code, Section 107A.5, for persons (as defined in Police Code, Section 1602) registered with the Office of Cannabis.

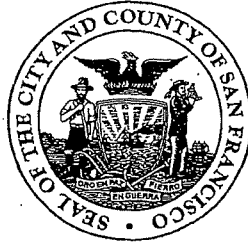
Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

- No Comment
- Recommendation Attached

Chairperson, Small Business Commission

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: Tom Hui, Director, Department of Building Inspection
Nicole Elliott, Director, Office of Cannabis
William Scott, Police Chief, Police Department

FROM: *al*
BT Alisa Somera, Legislative Deputy Director
Land Use and Transportation Committee

DATE: January 19, 2018

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Supervisor Sheehy on January 9, 2018:

File No. 180054

Ordinance waiving and refunding investigation fees imposed by Building Code, Section 107A.5, for persons (as defined in Police Code, Section 1602) registered with the Office of Cannabis.

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: William Strawn, Department of Building Inspection
Carolyn Jayin, Department of Building Inspection
Rowena Carr, Police Department
Kristine Demafeliz, Police Department

President, District 5
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-7630
Fax No. 554-7634
TDD/TTY No. 544-5227

805-11
Aldos, COB
Lu Clerk,
Rules Clerk,
Deputies, Mayors
Office - Dep City Atty

London Breed

PRESIDENTIAL ACTION

Date: 02/22/2018
To: Angela Calvillo, Clerk of the Board of Supervisors

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2018 FEB 22 PM 4:43
AK

Madam Clerk,
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____
(Primary Sponsor)
Title. _____

Transferring (Board Rule No 3.3)

File No. 180054 Sheehy
(Primary Sponsor)

Title. Ordinance waiving and refunding investigation fees imposed by Building Code, Section 107A.5, for persons (as defined in Police Code, §)

From: Land Use & Transportation Committee

To: Rules Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor _____
Replacing Supervisor _____

For: _____ Meeting
(Date) (Committee)

London Breed, President
Board of Supervisors

Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2010 JAN 9 PM 4:32

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [redacted] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [redacted] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. [redacted]
- 9. Reactivate File No. [redacted]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [redacted]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Sheehy

Subject:

Building Code - Waiver and Refund of Building Code Section 107A.5 Investigation Fee

The text is listed:

[Redacted area]

Signature of Sponsoring Supervisor:

Jeff Sheehy

For Clerk's Use Only

