File No.	180800		Committee Item No. 1		
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COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTE	NTS LIST	
Committee: Rules Committee	Date October 3, 2018	
Board of Supervisors Meeting	Date OCTASER 23, 298	
Cmte Board Motion	eport and/or Report	
Public Correspondence		
OTHER (Use back side if additional space	e is needed)	
Completed by: Victor Young Completed by:	Date Sept.28, 2018 Date / 0/ 10/18	

NOTE:

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[Administrative Code - Cannabis Oversight Committee]

Ordinance amending the Administrative Code to establish the Cannabis Oversight

Committee to advise the Board of Supervisors and the Mayor regarding the
implementation and enforcement of City laws and regulations relating to cannabis; and
to require the Director of the Office of Cannabis to report information to the Committee
regarding the growth of the cannabis industry in the City.

Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in <u>single-underline italics Times New Roman font</u>. Deletions to Codes are in <u>strikethrough italics Times New Roman font</u>. Board amendment additions are in <u>double-underlined Arial font</u>. Board amendment deletions are in <u>strikethrough Arial font</u>. 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. Chapter 5 of the Administrative Code is hereby amended by adding Article X, consisting of Sections 5.10-1 through 5.10-8, to read as follows:

ARTICLE X:

CANNABIS OVERSIGHT COMMITTEE

SEC. 5.10-1. CREATION OF COMMITTEE.

The Board of Supervisors ("Board") hereby establishes the Cannabis Oversight Committee ("Committee").

SEC. 5.10-2. DEFINITIONS.

Terms not defined in this Article X shall have the meaning attributed to them in Police Code Section 1602.

SEC. 5.10-3. PURPOSE.

In 2018, the City enacted Police Code Article 16 to comprehensively regulate Commercial

Cannabis activities, including the implementation of an Equity Program to promote equitable

ownership and employment opportunities in the Cannabis industry by lowering barriers for those hit

hardest by the War on Drugs. The purpose of the Committee is to 1) convene representatives of

Cannabis Business operators, workers, patients, and other key stakeholders in the Cannabis industry to

oversee the Office of Cannabis' implementation of Police Code Article 16 by evaluating data on the

industry's growth; and 2) provide guidance and recommendations to the Board on amendments to local

laws and regulations, including those governing the Equity Program, to facilitate socially responsible

growth of this new industry by creating living wage jobs and economic opportunities consistent with the

Board's intent in adopting Police Code Article 16.

SEC. 5.10-4. MEMBERSHIP.

The Committee shall consist of nine voting members and fiveseven non-voting members, as follows (seats 1 through 5 7 being non-voting members):

- (a) Seat 1 shall be held by the Director of the Department of Public Health or the Director's designee.
 - (b) Seat 2 shall be held by the Chief of the Police Department or the Chief's designee.
- (c) Seat 3 shall be held by the Director of the Department of Building Inspection or the Director's designee.
 - (d) Seat 4 shall be held by the Director of the Planning Department or the Director's designee.

(e) Seat 5 shall be held by the Superintendent of the San Francisco Unified School District of
the Superintendent's designee, which may include a Member of the Board of Education. The
ine Superimenaem's designee, which may include a Member of the Board of Education. The
Superintendent is not required to hold this seat or appoint a designee, but shall be invited to do so.

- (f) Seat 6 shall be held by a member the Executive Director of the Entertainment

 Commission or the Executive Director's designee, appointed by the Entertainment

 Commission.
 - (g) Seat 7 shall be held by the Chief of the Fire Department or the Chief's designee.
- (fh) Seat 68 shall be held by an Owner of a Cannabis Business permitted through the Equity

 Program, appointed by the Board. If there are no Equity Applicant permit-holders who apply for
 the seat, then the Board may appoint a person who, at the time of the appointment, is an
 Equity Applicant, as that term is defined in Police Code Subsection 1604(b),
- (gi) Seat 79 shall be held by the operator of a Cannabis Cultivation, Manufacturing, or distribution business with fewer than 20 employees at the time of appointment, appointed by the Board.
- (hj) Seat 810 shall be held by a representative of organized labor who works with the Cannabis business labor force, appointed by the Board.
- (4<u>k</u>) Seat <u>911</u> shall held by a representative of organized labor who works with the Cannabis delivery service labor force, appointed by the Board.
- (<u>fl</u>) Seat 1<u>2</u>0 shall be held by an Owner of a Storefront Cannabis Retailer, appointed by the Board.
- (km) Seat 134 shall be held by a person who, at the time of the appointment, is an Equity Applicant, as that term is defined in Police Code Subsection 1604(b), appointed by the Board a person who lived for at least five years (between 1971-2009) in San Francisco census tracts where at least 17% of the households had incomes at or below the poverty level, appointed by the Board.

- (<u>An</u>) Seat 142 shall be held by a person with demonstrated subject matter expertise on the State of California's Cannabis laws and regulations, appointed by the Board.
- (Mo) Seat 153 shall be held by a person with significant experience in workforce and economic development, appointed by the Board.
- (Ap) Seat 164 shall be held by a person who has been a Medicinal Cannabis patient or

 Medicinal Cannabis consumer for at least five years, with an extensive history advocating for

 Medicinal Cannabis patients or involvement in implementing and running a Cannabis compassionate

 use program in compliance with the Compassionate Use Act of 1996, appointed by the Board.

SEC. 5.10-5. ORGANIZATION AND TERMS OF OFFICE.

- (a) Voting members shall serve two-year terms and shall serve at the pleasure of the Board.

 Any vacancy in Seats & 8 through 14 16 on the Committee shall be filled by the Board. Voting members may serve multiple terms.
- (b) Service on the Committee is voluntary and members shall receive no compensation from the City, except that the members in Seats 1 through 4, 6, and 7 may, if City employees, receive their regular City salaries for time spent on the Committee.
- (c) Any member in Seats § 8 through 14 16 who misses three regular meetings of the

 Committee within a six-month period without the express approval of the Committee at or before each missed meeting shall be deemed to have resigned from the Committee 10 days after the third unapproved absence. The Committee shall inform the Clerk of the Board of any such resignation.
- (d) All City departments, commissions, boards, and agencies shall cooperate with the

 Committee in the performance of its functions. City departments shall respond within 30 days to

 reasonable requests for information submitted by the Committee set forth in Administrative Code

 Subsections 2A.420(b)(7)(A)-(J), if available, and any other reasonable requests for

 information submitted by the Committee relevant to its ability to discharge its powers and duties,

(b) As an advisory committee, t\(\pi\)he Committee shall not have authority to hire, fire, or evaluate personnel in the Office of Cannabis, and shall not have authority over decisions by the Office of Cannabis to issue, deny or modify permits.

SEC. 5.10-7. MEETINGS AND PROCEDURES.

- (a) The Committee shall hold its inaugural meeting not more than 30 days after the Board has appointed at least eight members to the Committee. There shall be at least ten days' notice of the inaugural meeting. Following the inaugural meeting, the Committee shall hold a regular meeting not less than five times per year until the sunset date set forth in Section 5.10-8.
- (b) The Committee shall elect a Chair and officers for such other positions, if any, it chooses to create. The Committee may establish bylaws and rules for its organization and procedures.

SEC. 5.10-8. SUNSET DATE.

Unless the Board by ordinance extends the term of the Committee, this Article X shall expire by operation of law, and the Committee shall terminate, three years after the effective date of the ordinance in Board File No. 180800 enacting this Article. In that event, after the sunset date, the City Attorney shall cause this Article X to be removed from the Administrative Code.

Section 2. The Administrative Code is hereby amended by revising Section 2A.240 2A.420 to read as follows:

SEC. 2A.420. OFFICE OF CANNABIS.

(a) Establishment. The Mayor shall establish an Office of Cannabis under the direction of the City Administrator to oversee the implementation of laws and regulations governing cannabis in San Francisco. The City Administrator shall appoint a Director of the Office of

(F) The total number and length of time in operation of permitted Cannabis				
Businesses that operated for 30 days or more in the prior 12 months, categorized by each permit				
category listed in Police Code Section 1607.				
(G) The total number of employees directly employed by permitted Cannabis				
Businesses that operated for 30 days or more in the prior 12 months, categorized by job type or				
classification.				
(H) The rate of pay and benefits of employees directly employed by permitted				
Cannabis Businesses that operated for 30 days or more in the prior 12 months, categorized by job type				
or classification.				
(I) The total number of individuals in the City whose Cannabis convictions have				
been expunged in the prior 12 months.				
(J) If available, the total number of permitted Cannabis Business owners,				
operators, and employees categorized by race and sex. The Director may request but not require				
Cannabis Business owners and operators to disclose such information. The Director may not consider				
such information in making any permit determination.				

Section 3. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 4. Scope of the Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board

amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance. APPROVED AS TO FORM: DENNIS J. HERRERA, City Attorney By: Deputy City Attorney n:\legana\as2018\1800240\01312393.docx

REVISED LEGISLATIVE DIGEST

(Amended in Board, 10/16/2018)

[Administrative Code - Cannabis Oversight Committee]

Ordinance amending the Administrative Code to establish the Cannabis Oversight Committee to advise the Board of Supervisors and the Mayor regarding the implementation and enforcement of City laws and regulations relating to cannabis; and to require the Director of the Office of Cannabis to report information to the Committee regarding the growth of the cannabis industry in the City.

Existing Law

Police Code Article 16 regulates commercial cannabis activities in the City. The Office of Cannabis, under the direction of the City Administrator, oversees the implementation and enforcement of Article 16.

Amendments to Current Law

The proposed ordinance would create a Cannabis Oversight Committee to advise the Board of Supervisors and the Mayor regarding the implementation and enforcement of City laws and regulations relating to cannabis in the City. The proposed ordinance would require the Office of Cannabis to report to the Committee annually on the growth of the City's cannabis industry. The Committee would terminate three years after the effective date of the ordinance unless the Board re-authorizes it in a subsequent ordinance.

The Committee would have 18 members. Seats 1-7 would be for non-voting members, and would be held by the following:

- The Director of the Department of Public Health (or the Director's designee).
- The Chief of the Police Department (or the Chief's designee).
- The Director of the Department of Building Inspection (or the Director's designee).
- The Director of the Planning Department (or the Director's designee).
- The Superintendent of the San Francisco Unified School District (or the Superintendent's designee).
- The Chief of the Fire Department (or the Chief's designee).
- The Executive Director of the Entertainment Commission (or the Executive Director's designee).

The remaining seats would be for voting members appointed by the Board, and include:

- A Cannabis owner permitted through the Equity Program.
- An operator of a Cannabis Cultivation, Manufacturing, or distribution business with fewer than 20 employees.
- Two organized labor representatives, including one that works in the delivery labor force.
- A storefront cannabis retailer.
- An Equity Applicant.
- A person with subject matter expertise on the State of California's Cannabis laws and regulations.
- A person with significant experience in workforce and economic development.
- A medicinal cannabis patient or consumer, with an extensive history of medicinal cannabis advocacy or involvement in a cannabis compassionate use program.

Background Information

This legislative digest reflects amendments adopted by the Rules Committee at its October 3, 2018 meeting. At that meeting, the Rules Committee amended the ordinance to add two non-voting seats to the proposed Committee, change the qualifications for seat 13, require the City Administrator to provide administrative and policy support for the Committee, and require the Committee to provide one report per year instead of two.

This digest also reflects amendments adopted by the Board of Supervisors on October 16, 2018 to change the qualifications for seats 6, 8, and 13.

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BOARD of SUPERVISORS



City Hall 1 Dr. Carlton B. Goodlett Place Room 244 San Francisco, CA 94102-4689 Tel. No. 554-5184 Fax No. 554-5163 TDD/TTY No. 544-5227

MEMORANDUM

Date:

October 10, 2018

To:

The Honorable Members, Board of Supervisors

From:

Angela Calvillo, Clerk of the Board

Subject:

Cannabis Oversight Committee

Board of Supervisors Rules of Order 2.21 establishes certain criteria that must be included in legislation creating and establishing, or reauthorizing, new bodies (boards/commissions/task forces/advisory bodies) and requires the Clerk of the Board to advise the Board on certain matters. In order to fulfill these requirements, the following is provided:

File No. 180800 Administrative Code - Cannabis Oversight Committee

The Cannabis Oversight Committee (Committee) would be a new advisory body on the implementation and enforcement of City laws and regulations related to cannabis in San Francisco. This Committee would be codified by adding a new Administrative Code, Article X, Section 5.10-1 through 5.10-8.

Does a current body address the same or similar subject matter?

The only other advisory body similar to this proposed Committee is the Cannabis State Legalization Task Force (Task Force). The Task Force was created to advice on the "potential" legalization of cannabis, but now that the legalization has occurred this Committee is proposed to be formed and the Task Force is expected to sunset.

Language requiring the body to meet at least once every four months

Section 5.10-7(a) requires the Committee to hold regular meetings at least five times per year.

Language indicating members serve at the pleasure of the appointing authority

Section 5.10-5 indicates that all voting members (seats 8-16) shall serve at the pleasure of the Board. Non-voting members (seats 1-7) are specific department heads and/or their designees.

Language establishing attendance requirements

Section 5.10-5(c) indicates that voting members who miss three regular meetings within a six-month period without approval shall be deemed to have resigned from the Committee ten days after the third unapproved absence.

Number of seats and qualifications

There are seven non-voting members (seats 1-7) and seven voting members (seats 8-16), for a total of 14 members, as follows:

- Seat 1) Director of the Department of Public Health, or their designee;
- Seat 2) Chief of the Police Department, or their designee;
- Seat 3) Director of the Department of Building Inspection, or their designee;
- Seat 4) Director of the Planning Department, or their designee;
- Seat 5) Superintendent of the San Francisco Unified School District, or their designee, including a Member of the Board of Education;
- Seat 6) Member of the Entertainment Commission, appointed by the Entertainment Commission;
- Seat 7) Chief of the Fire Department, or their designee;

Appointed by the Board of Supervisors:

- Seat 8) Owner of a Cannabis Business permitted through the Equity Program;
- Seat 9) Operator of a Cannabis cultivation, manufacturing, or distribution business with fewer than 20 employees at the time of appointment;
- Seat 10) Representative of organized labor who works with the Cannabis business labor force;
- Seat 11) Representative of organized labor who works with the Cannabis delivery service labor force;
- Seat 12) Owner of a storefront Cannabis retailer;
- Seat 13) Equity applicant, as defined in Police Code Section 1604(b);
- Seat 14) A person who demonstrated subject matter expertise on the State of California's Cannabis laws and regulations;
- Seat 15) A person with significant experience in workforce and economic development; and

Seat 16) A person who has been a Medicinal Cannabis patient or Medicinal Cannabis consumer for at least five years, with an extensive history advocating for Medicinal Cannabis patients or involvement in implementing and running a Cannabis compassionate use program.

Term limits (i.e., commencement date? staggered terms?)

Voting members (seats 8-16) shall serve two-year terms, and non-voting members (seats 1-7) may serve multiple terms since their appointments are part of their department staff duties.

Administering department

The City Administrator shall provide administrative and policy support for the Committee.

Reporting requirements

The Committee shall gather and evaluate data and report to the Board of Supervisors and Mayor on the effectiveness of City laws and regulations and the overall health and stability of the Cannabis industry in San Francisco. There are no requirements on how often or when these reports shall be submitted.

■ Sunset date

The Committee shall terminate three years after the effective date of the proposed Ordinance, unless the Board of Supervisors extends the term of the Committee.



OFFICE OF THE CITY ADMINISTRATOR



London N. Breed, Mayor Naomi M. Kelly, City Administrator

October 2, 2018

Honorable Members
Rules Committee
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Board of Supervisors File No. 180800

Dear Honorable Members of the Rules Committee:

I write in response to Board of Supervisors File No. 180800 to express my concern about the impacts to the Office of Cannabis if it is tasked with implementing this ordinance as currently drafted and without additional funding.

The existing workload of the Office of Cannabis (OOC), referenced in Article XXVI, Section 2A.420(b) of the Administrative Code, and further referenced in Section 1601(a) of the San Francisco Police Code, is considerable. With a workload of over 260 permit applications, implementation and further development of the Equity Program, coordination of City enforcement activities, advocacy around state related matters, and community outreach, the continued and growing responsibilities of the Office of Cannabis have already left the three member staff with a workload that has stretched them thin.

As I work to address the current and temporary staffing needs in next year's budget submission, the establishment of a new Committee and extensive data collection and reporting requirements present yet another challenge to the success of this Office that was created only a little over a year ago.

I respectfully request that if the Board chooses to enact this ordinance, it does so with the funding necessary for additional Office of Cannabis staff to provide the requisite administrative and policy support for this committee. Absent this commitment of net new funding to the Office of Cannabis for this committee, I would ask the Board to delay consideration of this measure until it can be considered in the budget process.

Sincerely,

Naomi M. Kelly City Administrator

Cc: The Honorable London N. Breed, Mayor

aomi M. Kelly

The Honorable Malia Cohen, President, San Francisco Board of Supervisors

Nicole Elliott, Director, Office of Cannabis Kelly Kirkpatrick, Mayor's Budget Office Harvey Rose, Budget and Legislative Analyst

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:

Nicole Elliott, Director, Office of Cannabis

Barbara A. Garcia, Director, Department of Public Health

William Scott, Police Chief, Police Department

Tom Hui, Director, Department of Building Inspection

John Rahaim, Director, Planning Department

Vincent C. Matthews, Ed.D., Superintendent, San Francisco Unified

School District

FROM:

0 Alisa Somera, Legislative Deputy Director

'Rules Committee

DATE:

August 9, 2018

SUBJECT:

LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee has received the following proposed legislation, introduced by Supervisor Fewer on July 31, 2018:

File No. 180800

Ordinance amending the Administrative Code to establish the Cannabis Oversight Committee to advise the Board of Supervisors and the Mayor regarding the implementation and enforcement of City laws and regulations relating to cannabis; and to require the Director of the Office of Cannabis to report information to the Committee regarding the growth of the cannabis industry in the City.

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.

Ray Law, Office of Cannabis C: Greg Wagner, Department of Public Health Naveena Bobba, Department of Public Health Sneha Patil, Department of Public Health Rowena Carr, Police Department Asja Steeves, Police Department William Strawn, Department of Building Inspection Carolyn Jayin, Department of Building Inspection Scott Sanchez, Planning Department Lisa Gibson, Planning Department Devyani Jain, Planning Department AnMarie Rodgers, Planning Department Dan Sider, Planning Department Aaron Starr, Planning Department Joy Navarrete, Planning Department Laura Lynch, Planning Department Viva Mogi, San Francisco Unified School District Esther Casco, San Francisco Unified School District From: David Goldman brownie.marysf@gmail.com

Subject: Proposed changes to the legislation

Date: Oct 2, 2018 at 4:13:26 PM

To: David C. Goldman dcgoldman@yahoo.com

Suggested Language: Here, we expanded the definitions of the appointments, and added a few seats to better represent the industry, Equity Applicants, and SF residents and the neighborhoods.

- (f) Seat 6 shall be held by an Owner of a Cannabis Business permitted through the Equity Program, appointed by the Board.
- (g) Seat 7 shall be held by the current or former operator or employee of a Cannabis Cultivation, Manufacturing, or Distribution business with fewer than 20 employees at the time of appointment, appointed by the Board.
- (h) Seat 8 shall be held by a representative of organized labor who works with the Cannabis business labor force, appointed by the Board.
- (i) Seat 9 shall held by a representative of organized labor who works with the Cannabis delivery service labor force, appointed by the Board.
- (j) Seat 10 shall be held by an Owner of a Storefront Cannabis Retailer, appointed by the Board.
- (k) Seat 11 shall be held by a person who lived for at least five years (between 1971-2009) in San Francisco census tracts where at least 17% of the households had incomes at or below the poverty level or who has attended SFUSD school district for at least 5 years or who has been displaced by an eviction in San Francisco, appointed by the Board.
- (I) Seat 12 shall be held by a person with demonstrated subject matter expertise on the State of California's Cannabis laws and regulations, appointed by the Board.
- (m) Seat 13 shall be held by a person with significant experience in the non-profit sector or in workforce and economic development, appointed by the Board.
- (n) Seat 14 shall be held by a person who has been a Medicinal Cannabis patient or Medicinal Cannabis consumer for at least five years, with an

extensive history advocating for Medicinal Cannabis patients or involvement in implementing and running a Cannabis compassionate use program in compliance with the Compassionate Use Act of 1996, appointed by the Board.

- (m) Seat 15 shall be held by a current San Francisco resident.
- (o) Seat 16 shall be held by an Equity Applicant.
- (p) Seat 17 shall be held by an Equity Incubator.
- (q) Seat 18 shall be held by a representative from a neighborhood association.
- (r) Seat 19 shall be held by a current or former owner or employee of a cannabis business or a current or former owner or employee of a business the provides ancillary services to a cannabis business.

David Goldman
President, San Francisco Chapter
Brownie Mary Democratic Club
Brownie.MarySF@gmail.com
www.browniemarydemclub.com

m: <u>415-728-7631</u>

Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

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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 inquiries" 5. City Attorney Request. 6. Call File No. from Committee. 7. Budget Analyst request (attached written motion). 8. Substitute Legislation File No. 9. Reactivate File No. 10. Topic submitted for Mayoral Appearance before the BOS on 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): Fewer; Kim, Yee Subject: Ordinance amending the Administrative Code to establish the Cannabis Oversight Committee to advise the Board of Supervisors and the Mayor regarding the implementation and enforcement of City laws and regulations relating to cannabis, and to require the Director of the Office of Cannabis to report information to the Committee regarding the growth of the cannabis industry in the City. The text is listed: see attached Signature of Sponsoring Supervisor:

For Clerk's Use Only