

1 [Police Code - Cannabis Retailers at Permitted Cannabis Events]

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3 **Ordinance amending the Police Code to require that cannabis retailers at permitted**
4 **events hold Cannabis Business Permits issued by the City, that applicants for**
5 **Cannabis Event Permits identify the retailers that will be selling cannabis goods at**
6 **such events and affirm that said retailers hold City-issued Cannabis Business Permits,**
7 **and that recipients of Cannabis Event Permits take steps to reasonably ensure that**
8 **only said retailers will sell cannabis goods at such events; to require that Cannabis**
9 **Event Permit applicants commit to specific actions to support the City's equity goals**
10 **as a condition of permit issuance; and to provide that a material false statement made**
11 **in connection with an application for a Cannabis Event Permit may be subject to**
12 **administrative penalty, cause for denial of a pending or future application for a**
13 **Cannabis Business Permit, and cause for suspension or revocation of an existing**
14 **Cannabis Business Permit; and affirming the Planning Department's determination**
15 **under the California Environmental Quality Act.**

16 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
17 **Additions to Codes** are in *single-underline italics Times New Roman font*.
18 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
19 **Board amendment additions** are in double-underlined Arial font.
20 **Board amendment deletions** are in ~~strikethrough Arial font~~.
21 **Asterisks (* * * *)** indicate the omission of unchanged Code
22 subsections or parts of tables.

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

22

23 Section 1. Environmental Findings.

24 The Planning Department has determined that the actions contemplated in this
25 ordinance comply with the California Environmental Quality Act (California Public Resources

1 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
2 Supervisors in File No. 190756 and is incorporated herein by reference. The Board affirms
3 this determination.
4

5 Section 2. Background, Findings, and Purpose.

6 (a) Events involving the sale or consumption of cannabis on-site require both a
7 temporary cannabis event license and a cannabis organizer license issued by the state of
8 California, as well as authorization from the local jurisdiction. Event organizers may then
9 provide for cannabis sales by retailers licensed by the state of California at the permitted
10 event.

11 (b) In March 2019, the City enacted Ordinance No. 58-19, authorizing the issuance
12 of Cannabis Event Permits. Prior to the enactment of this permitting scheme for cannabis
13 events, unregulated sales and use of cannabis had occurred at San Francisco events,
14 resulting in the use of cannabis by minors at such events, and in people falling ill after
15 consuming tainted and/or laced cannabis products at such events.

16 (c) To reduce the risk at San Francisco events of public health and safety hazards
17 such as the use of cannabis by minors and the sale and use of unsafe cannabis products, it is
18 in the public interest to limit cannabis retailers at San Francisco events to those retailers that
19 hold a City-issued Cannabis Business Permit. This limitation will ensure that event retailers
20 have been thoroughly vetted by the City, as part of the City's consideration of their
21 applications for Cannabis Business Permits, and have been entrusted by the City on a
22 permanent basis with the responsible operation of a Cannabis Business. Further, this
23 limitation will promote compliance with public safety requirements and other rules governing
24 the sale and use of cannabis at events because the City will have the capacity to sanction
25 violations by suspending or revoking the retailer's Cannabis Business Permit.

1 Section 3. Article 16 of the Police Code is hereby amended by revising Section
2 1621.5, to read as follows:

3
4 **SEC. 1621.5. EVENTS.**

5 * * * *

6 (b) **Applications.** Each applicant for a Cannabis Event Permit shall file an
7 application with the Director in such form as the Director may require, and provide the Director
8 with a list that conforms to subsection (d) below of all individuals and entities that will provide onsite
9 sales of cannabis goods at the proposed event, an Event Permit Equity Plan as described in
10 subsection (e), and any requested information concerning the applicant and related Persons,
11 the proposed event, and other subjects that the Director deems relevant to the proposed
12 event. Additionally, each applicant shall pay the application fee set forth in Section 249.20 of
13 the Business and Tax Regulations Code.

14 (c) **State Approval.** A Cannabis Event Permit may be issued only to an applicant
15 who holds an Event Organizer License issued by the California Bureau of Cannabis Control,
16 or that is otherwise authorized by State law to organize temporary cannabis events.

17 (d) **Qualifications for Retailers.** Only individuals or entities that hold a Cannabis Business
18 Permit, or an individual employed by a Cannabis Business Permit holder acting as an agent of that
19 permit holder, may provide onsite sales of cannabis goods at the event, and only if said individuals
20 and/or entities have been identified in the application for the Cannabis Event Permit. For purposes of
21 this section, a “Cannabis Business Permit” shall include both a Cannabis Business Permit as defined
22 in Section 1602 of this Code, and a Medical Cannabis Dispensary Permit issued under Article 33 of the
23 Health Code that includes the authorization to Sell Adult Use Cannabis set forth in Section 3322(d),
24 (e), and (f) of the Health Code. A Cannabis Event Permit may not be issued to an applicant unless the
25 applicant identifies the individuals and/or entities that will provide onsite sales of cannabis goods at

1 the event and affirms that said individuals and/or entities either hold a Cannabis Business Permit or
2 are employed by a holder of a Cannabis Business Permit and will be acting as an agent of that permit
3 holder.

4 (e) **Equity Criteria for Cannabis Event Permit Applicants.** As a condition of permit
5 issuance, Applicants for Cannabis Event Permits must submit to the Director for review and
6 approval a written “Event Permit Equity Plan,” in which the applicant describes the specific
7 actions it will take to support the City’s equity goals as described in Section 1604(a), the dates
8 by which the applicant will take the listed actions, and an estimated dollar value for each of
9 the actions. Actions a Cannabis Event Permit applicant may take to satisfy this requirement
10 include but are not limited to the following:

11 (1) Ensuring that a minimum of 30% of all work hours expended in preparing and
12 executing the event that is the subject of the requested Cannabis Event Permit (the “Event”)
13 are performed by workers who meet at least three of the criteria set forth in Section
14 1604(b)(4);

15 (2) Providing training and mentorship opportunities to workers who meet at least
16 three of the criteria set forth in Section 1604(b)(4);

17 (3) Ensuring that a substantial portion of Cannabis-related products showcased
18 and sold at the Event are provided by businesses that are one of the following: Equity
19 Operators, as defined in Section 1604(c)(5)(A); Medical Cannabis Dispensary permit holders
20 that have been verified as Equity Applicants under Section 1604; or Cannabis Businesses in
21 jurisdictions outside San Francisco with a local equity program, as defined in Section
22 26240(e) of the California Business and Professions Code, that are classified as Equity
23 Operators or the equivalent under the governing law of that jurisdiction; and/or

24 (4) Donating cash, in-kind goods, services, and/or technical assistance to
25 community organizations that serve equity goals.

1 (ef) **Concurrence of Relevant City Departments.** Whenever any other City
2 department, office, agency, committee, commission, or official, or combination thereof
3 (collectively, “City entity”) has issued a permit in connection with a temporary event, or has
4 received an application for such a permit, or otherwise has the authority to issue permits or
5 other approvals necessary for a temporary event, and an applicant seeks a Cannabis Event
6 Permit in connection with that event, the Director shall consult with each such City entity
7 before issuing any Cannabis Event Permit. In each such case, the Director shall not issue a
8 Cannabis Event Permit unless each City entity determines, under the criteria it may otherwise
9 use to grant or deny a permit in connection with the proposed event (including, but not limited
10 to, any policy adopted by the City entity relating to cannabis sales and/or consumption at
11 events) that the Cannabis Event Permit should issue, except that the Director may issue a
12 permit conditioned upon approval by other City entities pending review by those other City
13 entities.

14 (efg) **Temporary Waiver of Certain City Laws.** A City entity described in
15 subsection ~~(ef)~~ may, in its discretion and after considering public health and public safety,
16 temporarily waive, for a period not to exceed the duration of the proposed event, any City law
17 that would restrict or prohibit smoking (including, but not limited to, Article 19 through Article
18 19L of the Health Code) in all or part of the proposed event space, or any other provision of
19 the Administrative, Health, Park, or Police Codes that would otherwise restrict or prohibit the
20 consumption of cannabis or cannabis products in all or part of the proposed event space.
21 When any such City law is waived pursuant to this subsection (efg), the event shall be
22 deemed to be in compliance with the suspended City law for purposes of any City law
23 requiring such compliance. This subsection (efg) shall not be construed to authorize any
24 waiver of State law.

25

1 (~~g~~h) **Discretionary Grant or Denial.** Except as provided in subsections (c), (d),
2 ~~(e)~~ and (~~h~~k), the Director may grant ~~or deny~~ a Cannabis Event Permit in his or her
3 reasonable discretion, or may deny a Cannabis Event Permit in his or her reasonable
4 discretion based on one or more of the following findings:

5 (1) The applicant has not sufficiently established that the sale or consumption
6 of cannabis or cannabis products at the event would comply with all applicable State and City
7 laws;

8 (2) The applicant has not sufficiently established that the sale or consumption
9 of cannabis or cannabis products at the event would be consistent with public health or public
10 safety;

11 (3) The applicant has not sufficiently established that the sale or consumption
12 of cannabis or cannabis products at the event would not have adverse impacts on nearby
13 neighborhoods or public spaces;

14 (4) The applicant has not taken steps sufficient to reasonably ensure that the only
15 individuals and/or entities that will provide onsite sales of cannabis goods at the proposed event are
16 those that have been identified on the application as either holding a Cannabis Business Permit or
17 being employed by a holder of a Cannabis Business Permit and acting as an agent of that permit
18 holder;

19 (45) The applicant has provided materially false or incomplete information in
20 support of the application, or has otherwise engaged in conduct that gives the Director cause
21 to doubt the applicant's credibility or good faith;

22 (6) The applicant has not made a good faith effort to comply with its Event
23 Permit Equity Plan, submitted under subsection (e);

24 (567) There is insufficient time to process the permit application adequately in
25 advance of the proposed event; or

1 (~~678~~) There is other good cause to deny the permit.

2 (~~g~~h) **Permit Conditions.** Any applicant awarded a Cannabis Event Permit shall be
3 responsible for ensuring that the temporary event is conducted in compliance with all State
4 and City laws applicable to the sale and consumption of cannabis at the event. The Director
5 may impose any permit conditions that the Director deems conducive to the protection of
6 public health and safety, the mitigation of potential adverse impacts on nearby neighborhoods
7 or public spaces, and the prevention of underage or otherwise unlawful access to cannabis or
8 cannabis products, or that otherwise would be conducive to the safe, lawful, and orderly
9 operation of the proposed event.

10 (~~h~~i) **Enforcement and Implementation.** Any or all of the following actions may be
11 taken in conjunction with the implementation or enforcement of this Section 1621.5:

12 (1) The Director may require an event permitted under this Section 1621.5 to
13 cause any sales or consumption of cannabis or cannabis products at the event to cease or
14 otherwise be limited, without delay or within such other timeframe as the Director determines,
15 if the Director determines that such action is necessary to protect public health or safety, or to
16 ensure compliance with applicable State or City laws.

17 (2) The Director may require the holder of a Cannabis Event Permit to expel
18 from the event any participant selling cannabis or cannabis products in a manner inconsistent
19 with applicable State or City laws.

20 (3) Any violation of this Section 1621.5, or of applicable State or City laws, or of
21 any permit condition imposed pursuant to this Section, or any material false statement made to
22 the Director in connection with an application for a Cannabis Event Permit, may be punished as a
23 violation of this Article 16, using procedures consistent with Sections 1631 and Section 1632.

24 (4) Any violation of this Section 1621.5, of applicable State or City laws, or of
25 any permit condition imposed pursuant to this Section, or any material false statement made to

1 the Director in connection with an application for a Cannabis Event Permit, may be cause for denial
2 of any application for a Cannabis Business Permit submitted by the holder of the Cannabis
3 Event Permit or by any other party responsible for the violation, for suspension or revocation
4 of any existing Cannabis Event Permit, and for suspension or revocation of any other existing
5 permit to engage in Commercial Cannabis Activity.

6 (h)k) **Pilot Program.** Prior to January 1, 2020, the Director may issue Cannabis
7 Event Permits only in connection with events that meet all the following criteria:

- 8 (1) The event has previously been held on a regular basis;
- 9 (2) The event, in prior years, has received a City-issued permit; and
- 10 (3) At the event, in prior years, there has been significant unregulated cannabis

11 sales or consumption, which the Director determines could be reduced or eliminated at the
12 event by the issuance of a Cannabis Events Permit. Except as stated in the following
13 paragraph, the restrictions imposed by this subsection (h)k) on the operation of this Section
14 1621.5 shall become inoperative on January 1, 2020.

15 The Director may extend the pilot program set forth in this subsection (h)k) one or
16 more times, up to December 31, 2021, such that no Cannabis Event Permit may issue except
17 as provided under this subsection (h)k) prior to the date the Director's extension of the pilot
18 program, if any, ends. The Director may extend the pilot program as provided herein only
19 upon the Director's written determination that, in light of other duties imposed on the Office of
20 Cannabis, the Office lacks sufficient resources to process additional Cannabis Event Permit
21 applications or to otherwise effectively regulate cannabis-related events.

22 (h)k) **Appeals to Board of Appeals.** A decision to grant, deny, suspend, or revoke a
23 permit under this Section 1621.5 , or to add or remove a permit condition under this Section,
24 may be appealed to the Board of Appeals in the manner prescribed in Article 1 of the
25 Business and Tax Regulations Code.

1 Section 4. Effective Date; Retroactivity.

2 (a) This ordinance shall become effective 30 days after enactment. Enactment
3 occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or
4 does not sign the ordinance within ten days of receiving it, or the Board of Supervisors
5 overrides the Mayor’s veto of the ordinance.

6 (b) This ordinance shall be retroactive to July 9, 2019.
7

8 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
9 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
10 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
11 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
12 additions, and Board amendment deletions in accordance with the “Note” that appears under
13 the official title of the ordinance.
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15 APPROVED AS TO FORM:
16 DENNIS J. HERRERA, City Attorney

17 By: _____
18 SARAH A. CROWLEY
19 Deputy City Attorney

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