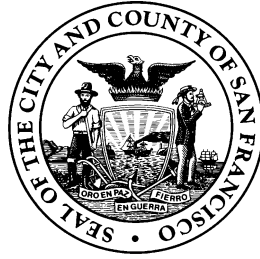


BOARD of SUPERVISORS



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: Regina Dick-Endrizzi, Director  
**Small Business Commission, City Hall, Room 448**

FROM: John Carroll, Assistant Clerk, Public Safety and Neighborhood Services  
Committee, Board of Supervisors

DATE: February 19, 2020

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Public Safety and Neighborhood Services Committee

The Board of Supervisors' Public Safety and Neighborhood Services 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. 200144**

**Ordinance amending the Police Code to provide that cannabis retail permit applications will not be accepted as of the effective date of this Ordinance; and affirming the Planning Department's determination under the California Environmental Quality Act.**

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, California 94102.

\*\*\*\*\*

**RESPONSE FROM SMALL BUSINESS COMMISSION - Date:** \_\_\_\_\_

\_\_\_\_\_ **No Comment**

\_\_\_\_\_ **Recommendation Attached**

\_\_\_\_\_  
**Chairperson, Small Business Commission**

1 [Police Code - Ceasing Acceptance of New Applications - Cannabis Retail Permits]

2  
3 **Ordinance amending the Police Code to provide that cannabis retail permit**  
4 **applications will not be accepted as of the effective date of this Ordinance; and**  
5 **affirming the Planning Department's determination under the California Environmental**  
6 **Quality Act.**

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

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

15 Section 1. The Planning Department has determined that the actions contemplated in  
16 this ordinance comply with the California Environmental Quality Act (California Public  
17 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the  
18 Board of Supervisors in File No. \_\_\_\_ and is incorporated herein by reference. The Board  
19 affirms this determination.

20 Section 2. Background, Findings, and Purpose.

21 (a) As of February 11, 2020, the existing cannabis retail industry in San Francisco  
22 includes 37 operating Storefront Cannabis Retail businesses, 41 operating Delivery-Only  
23 Cannabis Retail businesses, no operating Microbusiness permittees, and no Medicinal  
24 Cannabis Retail businesses separate from the Storefront Cannabis Retail and Delivery-Only  
25 Cannabis Retail businesses previously listed.

1 (b) As of February 11, 2020, there are 145 pending applications for Storefront  
2 Cannabis Retail business permits, 42 pending applications for Delivery-Only Cannabis Retail  
3 business permits, and 40 pending applications for Microbusiness permits (which may  
4 authorize any of the full range of Cannabis business activities covered by Article 16, including  
5 but not limited to retail activities). As of February 11, 2020, there were no pending  
6 applications for Medicinal Cannabis Retail permits.

7 (c) Based on data from the Office of the Controller regarding profit trends among  
8 cannabis retail businesses, it appears doubtful that the San Francisco market can sustain  
9 additional Cannabis Retail businesses in a number greater than those already in the  
10 application pipeline.

11 (d) In addition, new applicants for Cannabis Retail business permits slow the pace  
12 of the permitting process for earlier applicants, as limited City resources must be distributed to  
13 process pending applications. Many Equity Program applicants qualify for a reduction or  
14 waiver of permit fees, so the burden of processing additional applications must largely be  
15 borne by scarce General Fund revenues.

16 (e) The Board of Supervisors finds that the above considerations warrant the City's  
17 ceasing to accept new applications for Cannabis Business Permits for retail sales – including  
18 permits for Storefront Cannabis Retail, Delivery-Only Cannabis Retail, Medicinal Cannabis  
19 Retail, and retail-related Cannabis Microbusiness – as of the effective date of this ordinance.  
20

21 Section 3. Article 16 of the Police Code is hereby amended by revising Section 1606  
22 to read as follows:

23 **SEC. 1606. APPLICATIONS FOR CANNABIS BUSINESS PERMITS.**

24 \* \* \* \*

1           (e) As of the effective date of the ordinance in Board File No. \_\_\_\_\_ enacting this subsection  
2 (e), the Director shall decline to accept for processing any new applications for Cannabis Business  
3 Permits under this Article 16 in the following categories: Cannabis Retailer, Storefront Cannabis  
4 Retailer, Delivery-Only Cannabis Retailer, Medicinal Cannabis Retailer, and Cannabis Microbusiness  
5 (to the extent relating to retail activity).  
6

7           Section 4. Effective Date. This ordinance shall become effective 30 days after  
8 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
9 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
10 of Supervisors overrides the Mayor's veto of the ordinance.  
11

12           Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
13 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
14 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
15 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
16 additions, and Board amendment deletions in accordance with the "Note" that appears under  
17 the official title of the ordinance.  
18

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

21 By:

  
22 SARAH CROWLEY  
23 Deputy City Attorney

24 n:\legana\as2020\2000113\01427111.docx  
25

**LEGISLATIVE DIGEST**

[Police Code - Ceasing Acceptance of New Applications - Cannabis Retail Permits]

**Ordinance amending the Police Code to provide that cannabis retail permit applications will not be accepted as of the effective date of this Ordinance; and affirming the Planning Department's determination under the California Environmental Quality Act.**

Existing Law

Existing law, in Sections 1606 and 1609 of the Police Code, provides for the Office of Cannabis to accept applications for Cannabis Business Permits on an indefinite basis, with no end date for the office's acceptance of any such applications.

Amendments to Current Law

This ordinance would require the Office of Cannabis to decline to accept for processing, as of the effective date of this ordinance, any new applications for Cannabis Business Permits in the following categories: Cannabis Retailer, Storefront Cannabis Retailer, Delivery-Only Cannabis Retailer, Medicinal Cannabis Retailer, and Cannabis Microbusiness (to the extent relating to retail activity).

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# Introduction Form

By a Member of the Board of Supervisors or Mayor

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BOARD OF SUPERVISORS  
SAN FRANCISCO

2020 FEB 11 PM 5:13  
Time stamp  
or meeting date

BY



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):

Supervisor Walton, Safai

Subject:

Police Code - Ceasing Acceptance of New Applications for Cannabis Retail Permits

The text is listed:

Ordinance amending the Police Code to provide that cannabis retail permit applications will not be accepted as of the effective date of this ordinance; and affirming the Planning Department's determination under the California Environmental Quality Act.

Signature of Sponsoring Supervisor:



For Clerk's Use Only