

**LEGISLATIVE DIGEST**

[Police, Health Codes - Regulation of Cannabis Businesses]

**Ordinance amending the Police Code to clarify that the Office of Economic and Workforce Development (“OEWD”) may establish standards governing the certification of cannabis-related pre-apprenticeship programs that relate to social equity training, license incubation processes, underserved community outreach programs, and business plan development training; and amending the Health Code to extend from 120 days to between 150 and 180 days the period for which the Director of the Office of Cannabis (“OOC”) may grant temporary authorization to medical cannabis dispensaries (“MCDs”) to continue operating while they wait for the OOC to process their applications for cannabis business permits (“Temporary MCD Authorization”), and to add as prerequisites to Temporary MCD Authorization: that the MCD has established to the satisfaction of the OOC Director that there have been no complaints submitted to a City agency in the past 150 days that raise a significant health or safety concern regarding the MCD’s operations; that OEWD has not made a determination, or has determined that the MCD ensures that 35% of its new hires shall be registered apprentices enrolled in an approved apprenticeship program if feasible; and for any MCD with ten or more employees, that OEWD has not made a determination, or has determined that the MCD has entered into or made good faith efforts to enter into a Labor Peace Agreement or a collective bargaining agreement with a Bona Fide Labor Organization.**

Existing Law

Existing law authorizes OEWD to establish standards governing certification of pre-apprenticeship programs, but does not specify the types of standards OEWD may establish.

Existing law allows the OOC Director to temporarily authorize MCDs that have not yet received their Cannabis Business Permit under Article 16 of the Police Code to sell Adult Use Cannabis (“Temporary MCD Authorization”) for a period of 120 days, if the OOC Director finds both that OOC has not yet had time to process MCD Article 16 applications and that the MCD has demonstrated good faith compliance with its equity plan.

Existing law requires as a condition of receiving a Cannabis Business Permit under Article 16 of the Police Code that all cannabis businesses, including MCDs, ensure that 35% of new hires are from certified apprenticeship programs, to the extent feasible, and if the business has 10 or more employees, that it enters into either a Labor Peace Agreement or collective bargaining agreement with a Bona Fide Labor Organization.

Existing law does not specify that, in determining whether to grant Temporary MCD Authorization, the OOC Director should require apprenticeship hiring or labor harmony actions

by an MCD, or should consider public health and safety complaints regarding an MCD's operations.

#### Amendments to Current Law

This ordinance would clarify that the standards OEWD is authorized to impose on pre-apprenticeship programs include requirements related to social equity training, license incubation processes, underserved community outreach programs, and business plan development training.

This ordinance would extend the period for which the OOC Director may grant Temporary MCD Authorization from 120 days to a range of 150 to 180 days.

This ordinance would add as a requirement for Temporary MCD Authorization that the MCD ensure that 35% of new hires are from certified apprenticeship programs, to the extent feasible, and that, if the MCD has 10 or more employees, the MCD enter into either a Labor Peace Agreement or collective bargaining agreement with a Bona Fide Labor Organization. These same requirements currently apply to MCDs once they receive Cannabis Business Permits under Article 16 of the Police Code, and this ordinance would extend those requirements during the period of Temporary MCD Authorization prior to issuance of Cannabis Business Permits.

This ordinance would prohibit Temporary MCD Authorization if the OOC Director is aware of public health or safety complaints received by any City agency in the prior 150 days, unless the MCD demonstrates to the satisfaction of the OOC Director that the complaints are unfounded and/or fail to raise significant health or safety concerns regarding the operation of the MCD.

#### Background Information

OOC's processing of Cannabis Business Permits has progressed more slowly than originally anticipated. As a result, MCDs are operating for significant periods of time under Temporary MCD Authorization.

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