

RULES COMMITTEE

CITY AND COUNTY OF SAN FRANCISCO

MEETING MINUTES

Tuesday, November 7, 2017 - 1:00 PM

City Hall, Legislative Chamber, Room 250

Special Meeting

Members: Ahsha Safai, Sandra Lee Fewer, Norman Yee

Clerk: Alisa Somera (415) 554-7711

Angela Calvillo, Clerk of the Board

BOARD COMMITTEES

Committee Membership

Budget and Finance Committee

Supervisors Cohen, Yee, Tang

Budget and Finance Federal Select Committee

Supervisors Cohen, Sheehy, Fewer

Government Audit and Oversight Committee

Supervisors Kim, Peskin, Breed

Land Use and Transportation Committee

Supervisors Farrell, Peskin, Tang

Public Safety and Neighborhood Services Committee

Supervisors Ronen, Sheehy, Fewer

Rules Committee

Supervisors Safai, Fewer, Yee

Meeting Days

Thursday

10:00 AM

Thursday

1:00 PM

1st and 3rd Wednesday

10:00 AM

Monday

1:30 PM

2nd and 4th Wednesday

10:00 AM

1st and 3rd Wednesday

1:00 PM

First-named Supervisor is Chair, Second-named Supervisor is Vice-Chair of the Committee.

Members Present: Ahsha Safai, Sandra Lee Fewer, Norman Yee, and Jeff Sheehy

The Rules Committee met in special session on Tuesday, November 7, 2017, with Chair Ahsha Safai presiding.

ROLL CALL AND ANNOUNCEMENTS

Chair Safai called the meeting to order at 1:10 p.m. On the call of the roll, Chair Safai, Vice Chair Fewer, and Member Yee were noted present. There was a quorum.

AGENDA CHANGES

There were no agenda changes.

REGULAR AGENDA

SPECIAL MEETING OF THE BOARD OF SUPERVISORS

Supervisor Ronen was noted present at 1:16 p.m.; thereby constituting a quorum of the Board of Supervisors. A Special Meeting of the Board of Supervisors was convened at 1:16 p.m. However, the meeting was conducted in all respects as a committee meeting and all substantive decisions were recommendations of the committee; no action was taken as the Board.

Present: Supervisors Safai, Fewer, Yee, Cohen, Sheehy and Ronen

ADJOURNMENT OF THE BOARD OF SUPERVISORS

At the hour of 2:30 p.m., Supervisor Ronen and Supervisor Sheehy were noted absent; thereby adjourning the Special Meeting of the Board of Supervisors.

Member Yee was noted absent at 3:40 p.m., and for the remainder of the meeting.

President London Breed appointed Supervisor Jeff Sheehy in place of Supervisor Norman Yee, beginning at 3:40 p.m., and for the remainder of the Rules Committee special meeting of November 7, 2017.

171042 [Various Codes - Regulation of Cannabis Businesses]**Sponsors: Mayor; Sheehy**

Ordinance amending the Administrative, Business and Tax Regulations, Health, and Police Codes to comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis by, among other things: 1) requiring businesses that engage in commercial cannabis activities to obtain a permit from the Office of Cannabis; 2) requiring the Director of the Office of Cannabis to implement an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry by providing priority permitting for Equity Applicants and Equity Incubators, as defined; 3) defining eligibility for temporary and permanent cannabis business permits; 4) establishing priorities for the review of cannabis business permit applications; 5) establishing operating standards for cannabis businesses; 6) establishing criteria for granting, denying, suspending, and revoking cannabis business permits; 7) requiring all cannabis businesses to ensure that 50% of work hours are performed by San Francisco residents, and cannabis businesses with 10 or more employees to adopt labor peace agreements; 8) authorizing the imposition of fines and penalties for violation of local and state laws governing cannabis businesses, and establishing procedures by which cannabis businesses may appeal a fine or permit penalty; 9) prohibiting the smoking and vaping of cannabis on the premises of all cannabis businesses, except select Medicinal Cannabis Retailers and Cannabis Retailers, as authorized by the Department of Public Health; 10) prohibiting the consumption of cannabis and cannabis products, other than by smoking or vaping, on the premises of all cannabis businesses, except Storefront Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing the Director of Cannabis to extend the prohibition on tours, or establish guidelines for the operation of tours; 12) prohibiting the acceptance of new applications for medical cannabis dispensary permits, starting January 1, 2018; 13) prohibiting medical cannabis dispensaries from cultivating cannabis under the authority of a medical cannabis dispensary permit, starting April 1, 2018; 14) establishing a sunset date of December 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); 15) requiring the Department of Public Health to implement an ongoing public health education campaign about the safe consumption and health benefits of cannabis; 16) requiring the Controller to submit a report to the Board of Supervisors within one year of the effective date of Article 16 recommending whether the issuance of cannabis business permits should be subject to any limits; 17) establishing an Equity Operator Fund to receive any monies appropriated for the purpose of assisting Equity Operators; and 18) eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to state and federal officials requesting that cannabis be regulated and taxed; and affirming the Planning Department's determination under the California Environmental Quality Act.

Heard in Committee. Speakers: Supervisors Hillary Ronen and Malia Cohen (Board of Supervisors); Jon Givner and Anne Pearson (Office of the City Attorney); Israel Nives-Rivera (Department of Public Health); Director Nicole Elliott (Office of Cannabis); provided an overview and responded to questions raised throughout the discussion. Male Speaker and Teresa Bolio (Local 261); Doug Bloch (Teamsters Joint Council #7); Jim Lazarus (SF Chamber of Commerce); David McCarthy; Michael Kabuda; Nina Parks and Joshua Weitz (Mirage Medical); Mr. Middleton; Denise Dorey; Susan King; Female Speaker; Dilbert; Claire Thomas; John Martinelli; Ross Mirkarimi; Jesse Stout; Male Speaker; Michele; Max Leung; Elizabeth Summers; Martin Olive; Wendy McPherson; Don McFoy; Karen; Aaron Flynn (SF Growers Association); Leo Caplan; Ryan Indigo; Veronica Gurrata; Dr. Chris Emerson; Male Speaker; Zerfo; John Teleplane; Nancy Dough; Lisa Balmer; Mr. Reno; spoke in support of the matter. Brandon Brown (SF Equity Working Group); Wendy Wong; Marlene Tran; Male Speaker (translated); Female Speaker (translated); Female Speaker (translated); Rose Wong; Sonya Ng (translated); Female Speaker (translated); Ellaine Quong; Ellen; Rodney Townage; spoke in opposition of the matter. Male Speaker; Ms. Lassar; spoke neither in support nor opposition on the matter.

The Committee called and adopted the following proposed amendments separately, each by a unanimous positive vote:

- 1) Chair Safai moved to adopt Vice Chair Fewer's amendment to allow a pre-existing non-conforming operation to be eligible to receive technical assistance, apply for a Cannabis Business Permit and set guidelines;
- 2) Vice Chair Fewer moved to adopt Chair Safai's amendments to allow Cannabis Business permittees to move to a new location without seeking a new permit;
- 3) Chair Safai moved to adopt clerical and clarify changes;
- 4) Member Sheehy moved to expand Article 8A permits to include both smoking and non-smoking consumption of cannabis and allow temporary sales for adult use cannabis for existing permit holder as of January 1, 2018; and
- 5) Member Sheehy moved to adopt Supervisor Cohen's proposed amendment pertaining to the age requirement for cannabis employees and Equity Criteria related to conviction history and residency.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE to allow a pre-existing non-conforming operation to be eligible to receive technical assistance, apply for a Cannabis Business Permit and set guidelines; to allow Cannabis Business permittees to move to a new location without seeking a new permit; to include both smoking and non-smoking consumption of cannabis and allow temporary sales for adult use cannabis for existing permit holders as of January 1, 2018; to amend the age requirement for cannabis employees and Equity Criteria related to conviction history and residency; and making other clarifying, clerical, and conforming amendments. The motion carried by the following vote:

Ayes: 3 - Safai, Fewer, Sheehy

Absent: 1 - Yee

Ordinance amending the Administrative, Business and Tax Regulations, Health, and Police Codes to comprehensively regulate commercial activities relating to the cultivation, manufacture, distribution, testing, sale, and delivery of medicinal and adult use cannabis by, among other things: 1) requiring businesses that engage in commercial cannabis activities to obtain a permit from the Office of Cannabis; 2) requiring the Director of the Office of Cannabis to implement an Equity Program to promote equitable ownership and employment opportunities in the cannabis industry by providing priority permitting for Equity Applicants and Equity Incubators, as defined; 3) defining eligibility for temporary and permanent cannabis business permits; 4) establishing priorities for the review of cannabis business permit applications; 5) establishing operating standards for cannabis businesses; 6) establishing criteria for granting, denying, suspending, and revoking cannabis business permits; 7) requiring all cannabis businesses to ensure that 50% of work hours are performed by San Francisco residents, and cannabis businesses with ten or more employees to adopt labor peace agreements; 8) authorizing the imposition of fines and penalties for violation of local and state laws governing cannabis businesses, and establishing procedures by which cannabis businesses may appeal a fine or permit penalty; 9) allowing pre-existing non-conforming cannabis operators to register with the Office of Cannabis and apply for cannabis business permits in 2018; 10) prohibiting the consumption of cannabis and cannabis products on the premises of all cannabis businesses, except Storefront Cannabis Retailers and Cannabis Microbusinesses that obtain consumption permits from the Department of Public Health; 11) prohibiting until January 1, 2019, tours of cannabis cultivators, manufacturers, and cannabis microbusinesses, and authorizing the Director of Cannabis to extend the prohibition on tours, or establish guidelines for the operation of tours; 12) prohibiting the acceptance of new applications for medical cannabis dispensary permits, starting January 1, 2018; 13) allowing medical cannabis dispensaries to sell adult use cannabis, starting January 1, 2018, and prohibiting medical cannabis dispensaries from cultivating cannabis under the authority of a medical cannabis dispensary permit, starting April 1, 2018; 14) establishing a sunset date of December 31, 2018, for Article 33 of the Health Code ("Medical Cannabis Act"); 15) requiring the Department of Public Health to implement an ongoing public health education campaign about the safe consumption and health benefits of cannabis; 16) requiring the Controller to submit a report to the Board of Supervisors within one year of the effective date of Article 16 recommending whether the issuance of cannabis business permits should be subject to any limits; 17) establishing an Equity Operator Fund to receive any monies appropriated for the purpose of assisting Equity Operators; 18) eliminating the duty of the Clerk of the Board of Supervisors to send letters annually to state and federal officials requesting that cannabis be regulated and taxed; and affirming the Planning Department's determination under the California Environmental Quality Act.

CONTINUED TO CALL OF THE CHAIR AS AMENDED by the following vote:

Ayes: 3 - Safai, Fewer, Sheehy

Absent: 1 - Yee

ADJOURNMENT

There being no further business, the Rules Committee adjourned at the hour of 4:40 p.m.

N.B. The Minutes of this meeting set forth all actions taken by the Rules Committee and the Special Meeting of the Board of Supervisors on the matters stated but not necessarily in the chronological sequence in which the matters were taken up.

Approved by the Board of Supervisors on December 12, 2017.

Angela Calvillo, Clerk of the Board