

SAN FRANCISCO CANNABIS OVERSIGHT COMMITTEE

Notice of Hearing & Agenda

Meeting held via Webex

**August 25, 2021
1:00 PM-4:00 PM
Regular Meeting**

Committee Members:

Voting Members

- Doug Bloch
- Jessica Cry
- Aaron Flynn
- Theresa Foglio-Ramirez
- Ali Jamalian
- Sara Payan
- Brendan Hallinan
- Nina Parks
- Shawn Richard

Non-Voting Members

- Mohammed Malhi or rep. from SFPDH
- Capt. Brian Philpott or rep. from SFPD
- Jeff Buckley or rep. of DBI
- Michael Christensen or rep. of SF Planning
- Quarry Pak or rep. from SFUSD
- Dylan Rice or rep. of SF Entertainment Commission
- Lt. Rick Figari or rep. from SFFD

Meeting materials are available at:

Website: www.officeofcannabis.sfgov.org

Office of Cannabis, City Hall
1 Dr Carlton B Goodlett Pl #18
San Francisco, CA 94102

Disability and language accommodations available upon request to: officeofcannabis@sfgov.org or 628-652-0420 at least 48 hours in advance, except for Monday meetings, for which the deadline is 4pm the previous Friday.

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(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

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Meeting Materials

Any materials distributed to the members of the Committee within 72 hours of the meeting or after the agenda packet has been delivered to the members are available for inspection at the Office of Cannabis, 49 South Van Ness, San Francisco, CA 94103, during regular office hours.

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SPANISH: Agenda para la Oficina de Cannabis. Si desea asistir a la audiencia, y quisiera obtener información en Español o solicitar un aparato para asistencia auditiva, llame al 628-652-0420. Por favor llame por lo menos 48 horas de anticipación a la audiencia.

CHINESE: 規劃委員會議程。聽證會上如需要語言協助或要求輔助設備，請致電415-554-4420 請在聽證會舉行之前的至少48個小時提出要求。

TAGALOG: Adyenda ng Komisyon ng Pagpapalano. Para sa tulong sa lengguwahe o para humiling ng Pantulong na Kagamitan para sa Pagdinig (headset), mangyari lamang na tumawag sa 628-652-0420. Mangyaring tumawag nang maaga (kung maaari ay 48 oras) bago sa araw ng Pagdinig.

RUSSIAN: Повестка дня Комиссии по планированию. За помощью переводчика или за вспомогательным слуховым устройством на время слушаний обращайтесь по номеру 628-652-0420. Запросы должны делаться минимум за 48 часов до начала слушания.

Regular Agenda:**1. Call to Order / Roll Call**

- On the call of roll, the following Committee Members were noted present [(v)= voting member]
 - Ali Jamalian (v)
 - Doug Bloch (v)
 - Shawn Richard (v)
 - Nina Parks (v)
 - Brendan Hallinan (v)
 - Mohammed Malhi, SFPDH
 - Michael Christensen, SF Planning
 - Quarry Pak, SFUSD
 - Dylan Rice, SF Entertainment Commission
 - Lt. Rick Figari, SFFD
- The following Committee Members were not present:
 - Aaron Flynn (v)
 - Theresa Foglio-Ramirez (v)
 - Sara Payan (v)
 - Sgt. Chris Oshita, SFPD
 - Jeff Buckley, SFDBI
- A quorum is established

2. Review and Consideration of Regular AgendaDiscussion,
Action

Committee members review, amend the meeting agenda as necessary and vote to approve agenda.

- Member Hallinan requests to add an update on grant funds to agenda item #4
- No public comment
- Motion to approve the meeting agenda with the amendment of an update on grant redistribution and TA contract from OOC
 - **Motion/Second:** Brendan Hallinan/ Nina Parks | **Motion Approved**
 - **Ayes:** 5 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 3 | **Vacant:** 1

3. Review and Approve Minutes from Committee Meeting on July 14, 2021Discussion,
Action

Committee members review minutes from previous Committee meetings, amending as necessary, and vote to approve.

- No public comment
- Motion to approve the minutes from Committee meeting on July 14, 2021
 - **Motion/Second:** Doug Bloch/Brendan Hallinan | **Motion Approved**
 - **Ayes:** 5 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 3 | **Vacant:** 1

4. Update Regarding Former Committee Member and Grant Distribution Program

Discussion

The Office of Cannabis provides a brief update regarding the vacancy of Seat 10 on the Cannabis Oversight Committee and on grant-related items.

- Former Vice Chair Jessica Cry resigned after the July 14, 2021 Committee meeting and Seat 10 is now vacant. Seat 10 must be held by a representative of organized labor who works with the Cannabis business labor force.

- The Board of Supervisors is in the process of posting the vacancy notice. Individuals who are interested in filling Seat 10 should contact the Clerk's Office for additional information. Once the Clerk's Office receives a sufficient amount of applications, a hearing will be held by the Rules Committee (made up by several members of the Board of Supervisors) to move forward with the selection process.
- The OOC awards former Vice Chair Jessica Cry and former Chair Nina Parks a certificate of honor for their service and contribution.
- The OOC to issue a bulletin on additional grant redistribution guidance by the end of the month. The bulletin will include an outline of program parameters, an award letter asking for intent to move forward and a grant contract to be signed by the grantee.
- Although the TA contract expires at the end of August, there will continue to be free TA opportunities for verified equity applicants. Additional TA includes legal assistance with the Bar Association of San Francisco Cannabis Law Committee and permit compliance support from the OEWD-contracted Law Offices of Matthew Kumin. Approximately 400 verified equity applicants are currently utilizing TA.
- No public comment

5. Review of Committee Bylaws

The Committee members review the amended version of the Committee bylaws and possibly vote on adopting them.

Discussion,
Possible
Action

- Chair Jamalain requests that the bylaws authorize the Committee to create subcommittees.
- The City Attorney clarifies that meetings of a subcommittee must be Brown Act compliant and would require public notice. The OOC notes that there are limited resources for subcommittee meetings.
- No public comment
- Motion to include in the bylaws the authorization of the Oversight Committee by majority vote to create subcommittees and approve the bylaws thereafter.
 - **Motion/Second:** Brendan Hallinan/Nina Parks | **Motion Approved**
 - **Ayes:** 5 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 3 | **Vacant:** 1

6. Discussion re: an Accessory Use Cannabis Retail Permit Type

An Accessory Use cannabis retail permit type does not presently exist under Article 16 of the Police Code and would have to be created and legislated by the Board of Supervisors. The Zoning Administrator has determined that the 600-foot buffer rule under current Planning Code section 202.2(a)(5)(B) would not apply to a business with a cannabis retail Accessory Use permit. An Accessory Use cannabis retail permit would allow cannabis business activity that is secondary to the primary business use of a particular location. The Zoning Administrator's Letter of Determination can be found on the Committee's webpage with the other meeting materials for this meeting. The Office of Cannabis and the Planning Department provide a joint presentation, and the Committee has an opportunity to discuss and hear from the community, via public comment, about what an Accessory Use cannabis retail permit type should look like if legislated, and how equity considerations should factor into the creation of such a permit type.

Discussion,
Possible
Action

- The Zoning Administrator's Letter of Determination is in response to a request concerning a proposed cannabis museum project. In relevant part, the Zoning Administrator determined that the proposed project would require an Accessory Use cannabis business retail permit.

- The OOC and the Planning Department present on the topic of an Accessory Use cannabis retail permit. The Planning Code has a provision for cannabis retail as an Accessory Use only if such a permit is issued by the OOC; this permit type does not currently exist and would have to be created through legislative means by the Board of Supervisors. The full presentation is available by accessing this link: <https://officeofcannabis.sfgov.org/node/2750>
- As presented during Planning's portion of the presentation, Accessory Use activities can only be a third of the total floor area and must be subordinate and related to the principal activity as determined by the Planning Department.
- Per the Planning Code, the 600-foot buffer rule does not apply to Accessory Use permits.
- As presented during Planning's portion of the presentation, Accessory Use activities must have the same marketing and hours of operation as the principal activity.
- As presented during the OOC's portion of the presentation, the OOC offers a variety of factors for the Committee's and the public's consideration as part of the broader discussion around whether an Accessory Use cannabis business retail permit type should be created, and if so, what such a permit type should and should not allow.
- Public comment:
 - A dispensary founder expresses that an exemption from the 600-foot buffer rule will disrupt the equity community. He proposes changing the relevant code sections to prohibit any businesses like the proposed cannabis museum to move forward.
 - A community member is against the proposal of an Accessory Use permit type, even if it is contemplated on the Planning Code, because it disrupts the Equity Program, is a threat to the Equity Program, disrupts an already saturated market that the 600-ft rule puts pressure on, interferes with a carefully calculated process that all in all works, and is unfair to those who had to go through a complex licensing process.
 - A community member notes that this legislation would create more opportunity for equity applicants who are interested in pursuing other types of businesses with cannabis. They recommend that the 600-foot buffer rule is maintained with an Accessory Use license to be fair to those already in the queue.
 - An equity applicant and member of the Cannabis Retailer's Alliance notes that an Accessory Use cannabis permit must be subjected to all rules and regulations a principal cannabis permit has if it is created. They note that the 600-foot buffer exemption would be damaging to the Equity Program and goes against existing codes and policies. The floodgates will open if this exemption is allowed. Businesses, clothing stores, cafés, etc... will start selling cannabis.
 - San Francisco Cannabis Retailers Alliance President notes that an Accessory Use permit type will lead to saturating a market that already has many applicants waiting to join. Approving one Accessory Use project will open a Pandora's box that will lead to individuals trying to secure the best locations in the city under the Accessory Use. If an Accessory Use cannabis business retail permit is created, it must abide by all rules and regulations including the 600-foot buffer rule. They recommend that the Committee advises the Board of Supervisors to not consider accessory use permits until it is understood how many retailers there will be in the market.
- Members discuss how they like the idea of Accessory Use if it was incorporated when the Equity Program first began, but as of this point, it is unfair and disruptive to the existing license and equity program and would need to be fully compliant. Members

note that the industry's landscape is already saturated and too unknown to be able to determine the market effects of an Accessory Use cannabis permit. Accessory Use is interesting, but because of where the process is and with not knowing what the market will look like once the applications in the queue are processed, allowing it would be irresponsible at this time. The Board of Supervisors should consider the possibility of an Accessory Use at a later point once the landscape is more settled.

- It was clarified that cultivation can be an Accessory Use permit under the Planning Code, but would need legislation in the City code.
- It was clarified that any member of the public can appeal the Zoning Administrator's Letter of Determination by contacting the Board of Permit Appeals by September 2nd.
- Motion to recommend to the Board of Supervisors to not take up Accessory Use permits for cannabis retail at this time.
 - **Motion/Second:** Brendan Hallinan/Nina Parks | **Motion Approved**
 - **Ayes:** 5 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 3 | **Vacant:** 1

7. **Discussing Policy Recommendations for Distribution to the Board of Supervisors**

Discussion,
Action

The Committee will continue its review and discussion of recommendations 7 & 8 from its November 18, 2020 meeting, and redraft, if necessary, the identified recommendations for distribution to the Board of Supervisors. This discussion will be a continuation of Agenda Item # 5 from the July 14, 2021 meeting. The Committee will also discuss and vote on strategies for presenting their recommendations to the Board of Supervisors.

Recommendations 1 -6 can be found in the meeting minutes from the Committee's July 14, 2021 meeting; they have been uploaded to the Committee's webpage with the other materials for this meeting.

Recommendation 7:

The SFCOC recommends to the Board of Supervisors the development of labor harmony and worker retention requirements for use in the cannabis industry that are consistent with other industries in the City and County of San Francisco.

- Member Bloch clarifies that labor harmony and worker retention requirements would be part of the permitting process and similar to the City's hotel industry requirements.

Recommendation 8:

The SFCOC recommends to the Board of Supervisors to move Article 16 from police code to Health Code.

- Committee members review approved Recommendations 1-6 and amend the following recommendations:

Recommendation 4:

The SFCOC recommends that the Board of Supervisors amend planning code 210.3 to change PDR zone industrial agricultural use from C (conditional) to P (principal) permitting. The

SFCOC recommend to the Board of Supervisors to not take up accessory use permits for cannabis retail.

Recommendation 5:

The SFCOC recommends to the Board of Supervisors that they reduce the Prop D Cannabis tax rates to 0% for social equity operators and create a pathway to allow for the sale of all and/or a majority interest in their cannabis businesses, including for all cannabis permit holders. The Committee also recommends requiring an equity component in the business purchasers either through ownership, incubation, or in the alternative by requiring an enforceable and impactful cannabis equity plan and contribution to support the success of the Equity program and local equity business operators.

- Members acknowledge that each recommendation addresses implementation and individual Committee member assignments are not necessary. Members are encouraged to reach out to Supervisors individually to discuss the recommendations.
- Members draft the following introductory language for the recommendations:
 - In collaboration with the public, city agencies, industry stakeholders, and equity community, the cannabis oversight committee has adopted the following policy recommendation for the Board of Supervisors to implement into municipal code.
- Chair Jamalian to work with RDA to send the recommendations to the Board of Supervisors before the next Committee meeting.
- No public comment
- Motion to approve the amended recommendations and introductory language
 - **Motion/Second:** Brendan Hallinan/Doug Bloch | **Motion Approved**
 - **Ayes:** 5 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 3 | **Vacant:** 1

8. Discussion re: Ordinance File # 210421

The Committee will discuss and vote on possible recommendations regarding Ordinance File #210421 to distribute to the Board of Supervisors in the near future and the process for doing so. If necessary, the OOC will provide a brief presentation on this ordinance.

- The OOC presents on Ordinance File #210421 that amends Article 16 to bolster the equity program. The full presentation is available by accessing this link: <https://officeofcannabis.sfgov.org/node/2750>.
- The ordinance reduces the time period before cannabis businesses can sell their businesses from 10 to 5 years. It was clarified that this includes MCDs and all cannabis retail. Chair Jamalian requests to clarify this language to cannabis retailers. Member Parks notes that no other industry restricts when a business can sell and Chair Jamalian responds that the restriction is to protect and preserve equity businesses. The OOC clarifies that the time period includes permit processing.
- The ordinance creates priority processing for temporary permit holders that commit to supporting equity applicants through shared manufacturing. It was clarified that this does not apply to retailers or MCDs, however the OOC is currently processing all MCDs and temporary permits (Tier 4). Chair Jamalian suggests that if an MCD commits to purchasing from an incubator, they should have the same benefit as a

manufacturer sharing physical space as they are sharing shelf space. The OOC clarifies that MCDs are required to fulfill their equity goal of shelf space. Member Parks notes that these equity goal commitments were not being fulfilled due to the lack of equity products and therefore prioritization should be on equity manufacturing before MCDs.

- The ordinance creates priority processing for equity applicants that own 100% of the cannabis business. Member Parks notes that this verbiage does not allow for fundraising.
- The OOC clarifies that the acknowledgment of receipt is the original timestamp when the application was submitted.
- Public Comment
 - A community member supports the amendment of the time period in which a business can sell from 10 to 5 years, but recommends eliminating the restriction. They also note that equity provisions for new buyers is important especially for shelf space.
- Motion for the Committee to create a set of recommendations in regards to the Mayor's Ordinance if time permits at the next meeting.
 - **Motion/Second:** Nina Parks/Brendan Hallinan | **Motion Approved**
 - **Ayes:** 5 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 3 | **Vacant:** 1

8. General Public Comment

Members of the public may address the Committee.

- No public comment

8. Adjournment

- Meeting is adjourned at 4:02 PM