



City and County of San Francisco
Meeting Minutes
Rules Committee

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Members: Ahsha Safai, Sandra Lee Fewer, Norman Yee

Clerk: Alisa Somera (415) 554-7711

Monday, November 13, 2017

10:00 AM

City Hall, Committee Room 263

Special Meeting

Present: 3 - Ahsha Safai, Sandra Lee Fewer, and Norman Yee

The Rules Committee met in special session on Monday, November 13, 2017, with Chair Ahsha Safai presiding.

ROLL CALL AND ANNOUNCEMENTS

Chair Safai called the meeting to order at 10:12 a.m. On the call of the roll, Chair Safai, Vice Chair Fewer, and Member Yee were noted present. There was a quorum.

AGENDA CHANGES

REGULAR AGENDA

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 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.

09/26/17; ASSIGNED UNDER 30 DAY RULE to Rules Committee, expires on 10/26/2017.

10/04/17; REFERRED TO DEPARTMENT. Referred to Planning Department for environmental review; to Small Business Commission for comment and recommendation; and to Department of Public Health, Police Department, Sheriff's Department, Office of Cannabis, Fire Department, Department of Building Inspection, and Board of Appeals for informational purposes.

10/04/17; RESPONSE RECEIVED. Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it does not result in a physical change in the environment.

10/24/17; SUBSTITUTED AND ASSIGNED UNDER 30 DAY RULE to Rules Committee. Mayor Lee introduced a substitute Ordinance bearing a new title.

11/01/17; AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. Heard in Committee. Speaker: Supervisor Jeff Sheehy (Board of Supervisors); Brittni Chicuata (Office of Supervisor Malia Cohen); Jon Givner (Office of the City Attorney); Nicole Elliott, Director (Office of Cannabis); provided an overview and responded to questions raised throughout the discussion. Joshua Weitz; Bridget May; Mike Lomuto; Aaron Flint; Cassandra Costello; Jim Lazarus; John Gallagie; Alexandra; Brandon Brown; Female Speaker; Philip McGarth; Mark Chiater; Luke Burner; Ryan Bush; Male Speaker; Nana Parks; Mr. Summerson; Jeremy Seal; Jessie Stave; Stephanie H.; Marla Venture; Karen Woodson; Alice Fong; Travis Ellie; Gilbert; Sharon Quinze; Ross Mirkarimi; Yaris Sarroni; Alica; Male Speaker; Nancy To; Quint Platt; Terence Allen; Male Speaker; Jason Clifford; Laura Chamber; Male Speaker; Molly Tran; Mary Ma; Wendy; Sonjia Ng; Audrey Leong; Chi Quich; Vince Courtney, Jr.; Xavier Lampkin; Bobby Bruno; Denise; Male Speaker;

Female Speaker; Male Speaker; Katy; Female Speaker; spoke on various concerns relating to the hearing matter.

Chair Safai moved that this Ordinance be AMENDED to increase the local hire percentage from 30% to 50%. The motion carried by the following vote:

Ayes: 3 - Safai, Fewer, Yee

Member Yee moved that this Ordinance be AMENDED to include clarifying language regarding equity program. The motion carried by the following vote:

Ayes: 2 - Safai, Yee

Noes: 1 - Fewer

11/01/17; CONTINUED TO CALL OF THE CHAIR AS AMENDED.

11/07/17; AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. 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); Elaine 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.

11/07/17; CONTINUED TO CALL OF THE CHAIR AS AMENDED.

Heard in Committee. Speakers: Supervisor Jeff Sheehy (Board of Supervisors); Director Nicole Elliot (Office of Cannabis); Jon Givner and Anne Pearson (Office of the City Attorney); provided an overview and responded to questions raised throughout the discussion. Nicole Howell Neubert (Clark Neubert LLP); Doug Bloch (Teamster Local 7); Harold Smith; Gilbert Canrod (Axis of Love); Joshua White; Susan King; Shanon Gokinar; Johnny Delaplaine (Cannabis Alliance); David Goldman; Ryan Miller; Shane; Denise Dory; Ken Crusager; Michelle Dizitser (Kannibox); John Martenelli; Michael Koehn; Greg Ledbetter; Terrence Allen; Nina Parks (SF Cannabis Equity Working Group); David McCarthy; Any Greenburg; Aaron Ash; Oscar Islas; Betsy Koboker; Jesse Stout; Male Speaker; Jane Isners; Zoe Polk (SF Human Rights Commission); Ace Washington; Stephanie Tucker; Brandon Brown; in support of the matter. Male Speaker; Luke Bruner; Sonia Ng; Mayling Chow, Ms. Suho, Li Fong Chang, Female Speaker; Female

Speaker; Siuli; Female Speaker; (multiple speakers stated their names for the record); spoke in opposition of the matter.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE to replace 'Medicinal Cannabis' with 'Cannabis' in order to address distribution/supply; allow for Compassion Programs which allows for provision Medicinal Cannabis Products at no or nominal cost to low-income individuals; and create provisions for on site cannabis consumption via a Cannabis Smoking Consumption Permit by the following vote:

Ayes: 3 - Safai, Fewer, Yee

Member Yee moved that this Ordinance be AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE on Page 58, Line 12, and Page 60, line 19, to replace 'authorizes' with 'requires'. The motion carried by the following vote:

Ayes: 3 - Safai, Fewer, Yee

DUPLICATED in File No. 171192 at the request of Chair Safai.

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT by the following vote:

Ayes: 3 - Safai, Fewer, Yee

171192 [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) 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.

Duplicated from Fille No. 171042.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Safai, Fewer, Yee

ADJOURNMENT

There being no further business, the Rules Committee adjourned at the hour of 12:17 p.m.

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