

SAN FRANCISCO CANNABIS OVERSIGHT COMMITTEE

Notice of Hearing & Agenda

Meeting held via Webex

**July 14, 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)

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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)
 - Aaron Flynn (v)
 - Jessica Cry (v)
 - Doug Bloch (v)
 - Shawn Richard (v)
 - Nina Parks (v)
 - Brendan Hallinan (v)
 - Theresa Foglio-Ramirez (v)
 - Sara Payan (v)
 - Sgt. Chris Oshita, SFPD
 - Jeff Buckley, SFDBI
 - Michael Christensen, SF Planning
 - Dylan Rice, SF Entertainment Commission
 - Lt. Rick Figari, SFFD
 - Rosalia Lopez, SFUSD Representative
- The following Committee Members were not present:
 - Mohanned Malhi, SFPDH Representative
- 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.

- It was clarified that approval of Committee bylaws will be an agenda item at the next meeting.
- No public comment
- Motion to approve the meeting agenda
 - **Motion/Second:** Theresa Foglio-Ramirez/Sara Payan | **Motion Approved**
 - **Ayes:** 8 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 1

3. Review and Approve Minutes from Committee Meetings on 6/2/2021 and 11/18/2020Discussion,
Action

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

- Member Payan requests the following amendment of the 11/18/2020 minutes:
 - Change Recommendation #1 notes from “Member Payan also suggests referencing existing compassion programs like CityGrow.” to “Member Payan also suggests partnering with apprenticeship programs like CityGrow to possibly get donations for compassion programs.”
- No public comment
- Motion to approve the minutes from Committee meetings on 6/2/2021 and 11/18/2020 with the amendment of Recommendation #1 notes.
 - **Motion/Second:** Jessica Cry/Brendan Hallinan | **Motion Approved**
 - **Ayes:** 8 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 1

4. Update re: Grants Distribution Program

Discussion

The Committee hears a presentation from the OOC on grant-related items, including the amount of funding distributed to date, upcoming deadlines, plans for redistributing remaining grant funding, and next steps for eligible applicants. This item will be limited to just an update. Based on the information presented, the Committee will be able to vote on whether it would like to designate time on a future meeting agenda to provide grant-related recommendations to the Office of Cannabis.

- The OOC presents on the grants pilot program and related updates. The full presentation is available by accessing this link:
<https://officeofcannabis.sfgov.org/node/2749>
- Member Richards joins at 1:38PM
- Per the Cannabis Oversight Committee recommendations, there were a total of 89 eligible grantees. Of that number, 54 decided to move forward with their opportunity. The remainder, for various reasons, decided not to move forward. To date, the OOC is approaching about \$3 million in approved grant funds to the community between January 26, 2021 through June 30, 2021. The average OOC grant approval is for a shade under \$20,000. The vast majority of eligible grantees successfully navigated the reimbursement process, especially those who worked with TA providers to comply with city regulations in order to receive funds. Some eligible grantees described challenges navigating the process for several reasons: the fact that cannabis is still considered illegal at the federal level created a deterrent in terms of completing paperwork associated with realizing grant opportunities; some grantees did not have enough reimbursable expenses to spend down their awards (a lump sum model moving forward may help address this challenge); and roadblocks with navigating City processes broadly.
- Moving forward, there will be a redistribution effort to capture those who secured supplier numbers by June 30, 2021. There are about 56 supplier numbers the OOC has received thus far to be eligible for redistribution. The OOC is contemplating a lump sum model corresponding to an estimated budget. Importantly, grantees must expend their awarded amounts prior to the deadline of their grant contracts. The OOC plans to issue a bulletin to iron out the mechanics to ensure that there is a shared understanding amongst the community about what redistribution will look like, what the corresponding limitations are, and what will be expected of grantees.
- There is approximately \$2.4-2.7 million of unspent grant funds that will be redistributed in alignment with the recommendations put forth by the Oversight Committee to the extent feasible.
 - It was clarified that if a grantee has spent down their initial allocation they are eligible for redistribution funds.
- Grantees must spend redistribution funds before the grant contracts expires or they will be returned to the state. The Bureau of Cannabis Control and GoBiz and have extended their contracts to December 5, 2021 and February 28, 2022, respectively.
- The OOC to provide detailed information on redistribution processes and expectations.
- The OOC strongly urges all verified equity applicants utilize TA support before the TA contracts expire on August 31, 2021. All unused TA funds will return to the state.
- The OOC successfully applied and received over \$2 million from GoBiz for a second round of grant funding.
- Public Comment
 - A community member suggests a longer time period for redistribution and to append presentations and previous minutes to the meeting agenda.

- The Chancellor of Oaksterdam university notes that they are present and available for questions.
- A community member asks what the lump sum spend down deadline is with two different contract expiration dates.
- A community member acknowledges frustration with the reimbursement model as a barrier and questions its utilization when it was not in the state's guidelines. They suggest an advancement model as well as inventory and marketing as additional TA support categories.

5. Identify and Finalize Policy Recommendations for Distribution to the Board of Supervisors

Discussion

The Committee reviewed, discussed, updated, and prioritized recommendations from its November 18, 2020 meeting, and redrafted the identified recommendations for distribution to the Board of Supervisors. The Committee voted on which recommendations to distribute to the Board of Supervisors in the near future and the process for doing so.

- It was noted that since November, the use of Delta 8 THC has increased in the market. SFDPH is not in attendance, but the Committee would like their perspective. Ali to email SFDPH on Delta 8 THC health implications.
- Committee members revised the previously discussed recommendations from November 18, 2020 as follows:

Recommendation #1:

The SFCOC recommends the implementation of robust Compassion Programs, including measures for public consumption and the provision of free medical cannabis cards for low income residents.

The Committee includes the following sub-tasks to support the implementation of Recommendation #1:

- Urgently reinstating and streamlining the issuing of medical cards by the Department of Public Health, including free medical cards for low income residents
- Provide tax incentives for donations and manufacturing
- Alameda is allowing mail-in materials for medical cards and SFDPH should consider a similar streamlined approach.
- There is a need to advocate for compassion programs at the state-level, such as the extension of SB34.
- The Committee would like Member Mahli's perspective on the barriers SFDPH is facing around issuing medical cards.
- Member Payan noted a workgroup with the Governor's Senior Advisor on Cannabis, Nicole Elliot regarding a portal for medical cards. Member Payan to update the Committee on the workgroup's progress.

Recommendation #2:

The SFCOC recommends to the Board Supervisors (BOS) that all retailers be required to hold a minimum of 15% shelf space for SF verified equity brands and participate in the Compassion Program to become fully permitted. These contributions should then be made

to an equity preservation fund. Recommendation to be revisited in 1 year from implementation.

- It was discussed to consider including other cities' verified equity brands, however, the equity verification process differs between local jurisdictions and would be difficult for dispensaries to implement.
- This recommendation will be revisited in 1 year when there is more market data available for equity brands.

Recommendation #3:

The SFCOC recommends to the BOS that Article 16 language include the prioritization of the creation of a local permitting pathway for shared manufacturing that enables manufacturing cannabis businesses, including those that are currently temporarily permitted, to be permanently permitted and share their facilities so that equity applicants can be permitted within their facility. In relevant part, this recommendation requires creating a mechanism to now begin processing and permanently permitting cannabis businesses with temporary manufacturing permits (not currently possible).

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.

Recommendation #5:

The SFCOC recommends to the Board of Supervisors that they reduce the Prop D Cannabis tax rates to 0% for social equity applicants and 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 for 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.

The Committee includes the following sub-tasks to support the implementation of Recommendation #5:

- Waiver of Prop D cannabis tax for participation in apprenticeship, pre-apprenticeship and internship
- Tax incentives for compassion care participants
- Input on Prop D tax language for cannabis industry for all operators

Recommendation #6:

The SFCOC recommends to the Board of Supervisors the allocation of funds through the Office of Economic and Workforce Development (OEWD) towards the development and implementation of pre-apprenticeship and state-certified apprenticeship programs.

- **Public Comment**
 - A community member suggests appending previous recommendations to the meeting agenda and having a subcommittee meet twice prior to the next meeting.
- Member Parks recommends adding a recommendation around the new definitions of ownership that is in the Mayor's recommendations. It was clarified that the agenda item pertains to previous recommendations and an additional recommendation can be agendaized for a future meeting.
- Motion to approve the changes to the Recommendations 1-6 as articulated
 - **Motion/Second:** Jessica Cry/Doug Bloch | **Motion Approved**
 - **Ayes:** 9 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 0
- Motion to table Recommendation 7 and 8 for next meeting
 - **Motion/Second:** Jessica Cry/Doug Bloch | **Motion Approved**
 - **Ayes:** 9 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 0

6. **Announcements Concerning Upcoming Public Meetings**

Discussion

The Committee receives a brief general update from the OOC regarding legislation and upcoming public hearings for the Committee's consideration.

- The OOC notes to be aware of forthcoming communications regarding the Mayor's ordinance and the Planning 311 legislation. Due to the August recess, these items will most likely be discussed in September.
- Member Christensen notes that there is a presentation on cannabis business permitting at the Planning Commission hearing tomorrow at 1PM. The presentation will include the planning code amendment proposed by the Mayor to exempt the conversion of medical cannabis dispensaries to cannabis retail from neighborhood notification. The item is early in the agenda and there will be time for public comment.
- **Public comment**
 - A community member suggests to have less state regulations and notifies that there is a Department of Cannabis Control meeting on Friday with public comment.
 - A community member acknowledges the obstacles of reimbursement and notes that reimbursement is not in the Governor's grant solicitation package. They note that equity applicants need advancements and funds for marketing and inventory.

7. **General Public Comment**

Discussion,
Action

Members of the public address the Committee with a maximum of 2 minutes per individual.

- A community member suggests a discussion about using grant funds in the reimbursement model towards tax liability.
- Chairman Jamalian notes that Member Parks' recommendation to review and discuss the Mayor's recommendations, in particular the new definition of a majority-owned equity company, will be discussed at the next meeting.

8. **Adjournment**

- Meeting is adjourned at 4:10 PM