

SAN FRANCISCO CANNABIS OVERSIGHT COMMITTEE

Notice of Hearing & Agenda

**101 Grove St., San Francisco, CA 94102
Room 300**

**Monday, March 02, 2020
1:00 PM-4:00 PM
Regular Meeting**

Committee Members:

Voting Members

Doug Bloch
Jessica Cry
Aaron Flynn
Theresa Foglio
Ali Jamalian
Sara Payan
Jesse Stout
Nina Parks
Shawn Richard

Non-Voting Members

Mohanned Malhi or representative from
SFPDH
Lt. Georgia Sawyer or representative
from SFPD
Edward Sweeney or representative from
DBI
Michael Christensen or representative
from SF Planning
Quarry Pak or representative from
SFUSD
Maggie Weiland or representative from
SF Entertainment Commission
Alec Balmy or representative 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 415-554-4420 at least 48 hours in advance, except for Monday meetings, for which the deadline is 4pm the previous Friday.

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Meeting Materials

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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 415-554-4420. 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 415-554-4420. Запросы должны делаться минимум за 48 часов до начала слушания.

1. Regular Agenda:

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)
 - Nina Parks (v)
 - Jesse Stout (v)
 - Shawn Richard (v)
 - Mohammed Malhi, SFDPH
 - Quarry Pak, SFUSD
 - Patrick O’Riordan, SFDBI
 - Richard Sucre, SF Planning
 - Larry Deen, SFFD
- The following Committee Members were not present:
 - Theresa Foglio (v)
 - Sara Payan(v)
 - SFPD Representative
 - SF Entertainment Commission Representative
- A quorum is established.

2. Review and Consideration of Regular Agenda

Committee members review and vote to approve agenda.

Discussion,
Action

- Motion to approve the meeting agenda:
 - **Motion/Second:** Ali Jamalian/Aaron Flynn | **Motion Approved**
 - **Ayes:** 7 | **Nays:** 0 | **Abstentions:** 0
- No public comment.

3. Review and Approve Minutes from January 6th Committee Meeting

Committee members review minutes from previous Committee meeting and amend as needed.

Discussion,
Action

- Committee members request the following amendments to the minutes:
 - Under Item 4: *Presentation from the Controller’s Office*, add: *Committee Member Jamalian inquires as to the data source informing presentation findings related to the experience of Equity Program applicants. The Controller’s Office clarifies that it conducted interviews with three Equity Program applicants to inform findings.*
- No public comment.
- Motion to approve the amended meeting minutes
 - **Motion/Second:** Ali Jamalian/Doug Bloch | **Motion Approved**
 - **Ayes:** 7 | **Nays:** 0 | **Abstentions:** 0

4. Review and Approval of Committee Bylaws

Committee members will review and vote to adopt Committee Bylaws.

Discussion,

- No public comment.
- Motion to approve Committee bylaws
 - **Motion/Second:** Aaron Flynn/Ali Jamalian | **Motion Approved**
 - **Ayes:** 7 | **Nays:** 0 | **Abstentions:** 0

Possible
Action

5. General Public CommentDiscussion,
Possible
Action*Members of the public address the Committee and identify the following concerns/requests:*

- There is a need for additional legal and business education for cannabis business permit applicants.
- Born and Raised Survivors (BARS), a working group of community members impacted by the war on drugs, requests to be on the May agenda for a report out to the Committee
- Request that Board of Supervisors recognize the burden of federal taxes on the cannabis industry.
- Concern about the subpoenaed Public Works employee, Walter Wong, who was an integral part of initiating permits. Recommendation for the Committee to identify replacement to serve as a permit navigator.

6. Presentation and Discussion of Policy Proposals

Discussion

The Committee receives brief presentation from the Office of Cannabis (OOC), and continue an ongoing discussion regarding policy ideas, including strategies to reduce the queue, funding sources, and restorative justice strategies, to ultimately incorporate as part of the Committee's findings to the BOS and Mayor.

- The OOC reviews its core functions and reports plans to request one new position in its upcoming budget request to support enforcement activities with a focus on compliance support.
- Committee Member Jamalian shares formal request that the Committee endorse a recommendation that the Department of Public Health (DPH) process the existing 37 MCD licenses on behalf of the OOC, to allow for a focus on reducing the queue of equity applicants.
- Committee Member Richardson notes the need to for a clearer pathway for consumption lounge permits.

Public Comment

- There is a need for more education for permit applicants about local, state and federal regulations impacting cannabis retail and cultivation.

7. Update re: Recently Introduced LegislationDiscussion,
Possible
Action*The Committee hears a brief update from the OOC regarding newly introduced legislation:*

- Ordinance (File#200087) to Create the Bayview Industrial Triangle Cannabis Restricted Use District
 - This would ban retail and delivery sales within a six block radius of the Bayview Industrial Triangle.
- Ordinance (File#200144) to Cease Acceptance of New Applications for Cannabis Retail Permits
 - The OOC clarifies that this legislation would not help reduce its applicant queue. Instead, it would likely create an influx in the number of applications submitted to the office before the proposed ordinance would go into effect. The OOC indicates that it has already seen an increase in the number applications it has received since the proposed legislation was introduced.
 - In response to questions from Committee Members, the OOC also clarifies that the proposed measure does not have a time limit and would be lifted only if the legislation is repealed or new legislation is passed.
 - Committee members discuss the need for a moratorium or a cap. Committee agrees to discuss in greater depth and make a formal recommendation to the Board of Supervisors during a subsequent agenda item.

Public Comment

- The self-identified Co-founder and chairman of Divinity Crew shares that he sees no purpose to the moratorium and that the OOC should be expanded to reduce the applicant queue
- A community member identifies herself as Sarah Shrader and shares that she is against the cap on permit applications and that she wants to see the competitive process play itself out. The Board of Supervisors should potentially consider a moratorium instead of completely stopping the application process which will hurt a lot of potential equity applicants.
- A community member shares that the proposed legislation is a good idea, particularly if it pertains to specific caps on certain permit types and is not a district to district cap. He requests further clarification as to whether the proposed legislation calls for a “cap” or a “freeze” on applications.
- A community member identifies herself as Vanessa and shares that there are people who are still incarcerated and may not know about the current Cannabis movement and should not be forgotten.
- A community member identifies himself as an attorney and does not support the proposed legislation since it does not include an end date. Without this it means having to start the process all over again to change the legislation later and it could really hurt the equity program.
- An equity applicant shares that they the application process should not be stopped and that focus should be put on assisting the OOC to run more efficiently
- Another equity applicant shares that they are against ceasing the applicants from applying and that it is extremely difficult to find retail space in SF.
- A community member identifies herself as Angela White and shares that she is working with the equity population in the City and that many are still locked out of opportunities, particularly the communities that have been hit hardest by the war on drugs.
- An equity applicant shares that they disagree with the proposed legislation and that it is very hard to find a location in the city. The equity program needs to stay open. They share that the list of incubators for equity applicants are unresponsive and that people need more help and support.

8. Recommendations re: the Distribution of Bradford Grant

Presentation from the OOC regarding the status of the Bradford Grant from the State of California.

Discussion,
Possible
Action

- Due to time constraints, the Committee discusses tabling this item until the next meeting.
- No public comment.
- Motion to table this agenda item until the next Committee meeting.
 - **Motion/Second:** Nina Parks/Shawn Richards | **Motion Approved**
 - **Ayes:** 6 | **Nays:** 0 | **Abstentions:** 1

9. Cannabis 3.0 Legislation and Recommendations

OOC presentation regarding Cannabis 3.0, and discussion and identification of Committee recommendations

Discussion,
Possible
Action

Ordinance File#200144: Committee continues discussion of recommendations related to proposed legislation to cease acceptance of new permit applications.

- Committee members agree that moratorium would be more appropriate than an indefinite stoppage of permit application submissions and ask OOC for a recommendation on an appropriate moratorium timeframe. The OOC reminds the Committee that it is a neutral body and suggests that it would need more time to arrive at a well-researched response, but in the interests of time, a two-year moratorium would be reasonable.
- Committee Member Stout notes that the Committee recommendation should also include language that includes a provision to end the moratorium when there are as many equity storefront retailers as pre-existing non-equity retailers. OOC also clarifies that there are currently 20 incubator applications within the queue.
- Committee Member Bloch exits meeting.

Public Comment:

- Community members express disapproval of the any stoppage of application acceptance.
- Community members recommends that instead of a stoppage, the OOC should be expanded to process queue of applicants.

Vote:

- Motion that the Committee formally oppose proposed Ordinance File#200144 due to a lack of public support, unclear language, and misalignment with the Oversight Committee's primary goals.
 - **Motion/Second:** Jessica Cry/Nina Parks | **Motion Not Approved**
 - **Ayes:** 2 | **Nays:** 4 | **Abstentions:** 0
- Motion that Committee formally recommend to the Board of Supervisors that proposed Ordinance File#200144 be amended to include a defined moratorium period on the acceptance of new retail permit applications that would end after two years or once the number of equity storefront retailers is equal to the number of pre-existing storefronts.
 - **Motion/Second:** Jesse Stout/Shawn Richards | **Motion Approved**
 - **Ayes:** 4 | **Nays:** 2 | **Abstentions:** 0
- Motion for Committee to formally oppose and recommend against Ordinance (File#200087) to Create the Bayview Industrial Triangle Cannabis Restricted Use District
 - **Motion/Second:** Jesse Stout/Ali Jamalian | **Motion withdrawn following discussion**
 - Committee Member Parks notes that without input from the affected Bayview communities, the Committee does not have sufficient information required to make any formal recommendations.
 - The OOC to update Committee on legislation hearing date.

Next Steps:

- Chair and Vice-Chair to draft a letter to the Board of Supervisors with the Committee's recommended position by March 20, 2020. The Chair and Vice-Chair will provide this letter to the OOC, who will then ensure its delivery to the clerk of the Board of Supervisors. If this plan is carried out in a timely manner, the Committee's letter should be included in the meeting materials for the next scheduled hearing.

Cannabis 3.0: Committee Members identify and discuss the following topics for recommendation:

- Pathways for opening consumption lounges: Committee member Malhi notes the health risks of external products consumed at consumption lounges.
- The benefit of having a certain tax rate within Prop D parameters with consideration for Federal Tax Code 280. The OCC clarifies that the Board cannot change the tax rate but can adjust within certain parameters.
- The possibility of a local permitting pathway for shared manufacturing that enables manufacturing cannabis businesses, including those that are currently temporarily permitted, to be permanently permitted. The OCC notes that this would require a mechanism to now begin processing and permanently permitting cannabis businesses with temporary manufacturing permits.
- The recommendation brought forth by Committee member Jamalian for DPH to process the pre-existing 37 MCD's in return for a percentage of shelf space dedicated to equity-applicant products.
- The need for free medical cannabis cards for low-income patients.

Public comment:

- Community members validate the need to streamline permit processes via incentives for manufacturers to share space with equity applicants.
- Community members emphasize importance of free medical cards for low-income patients.

Vote:

Motion to approve the following recommendations to the Board of Supervisors:

1. Implementation of robust compassion programs, including measures for public consumption and the provision of free medical cannabis cards for low income residents.
2. DPH to process pre-existing 37 MCD's in return for a percentage of shelf space held for equity products, subject to equity workforce laws. .
3. Create 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 with permitted equity applicants. 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).
4. Recommend certain tax rates within Prop D parameters with considerations for E280 (federal tax code 280)
 - **Motion/Second:** Ali Jamalian /Jesse Stout | **Motion Approved**
 - **Ayes:** 6 | **Nays:** 0 | **Abstentions:** 0

10. Implementation of 3.0 Recommendations

The Committee discusses strategies for presenting recommendations to Board of Supervisors.

Discussion:

- Committee members raise the possibility of pairing up into small teams and engaging with Supervisors about one or more of the Committee's recommendations.
- The OCC clarifies that Committee members can represent themselves to the Board of Supervisors without violating the Brown Act if there is less than a majority of voting members (5) present at any given convening.
- Committee members volunteer to advance the following recommendations:
 - Rec. 1-Robust compassion programs: **Nina Parks and Jessica Cry**
 - Rec. 2- DPH to process pre-existing MCD's: **Ali Jamalian and Shawn Richard**
 - Rec. 3- S-type license: **Nina Parks and Jessica Cry**

Discussion,

Possible
Action

- Rec. 4- Tax rate consideration for E280: **Aaron Flynn and Jesse Stout**

Public Comment:

- Community members ask how they can be involved in contacting Board of Supervisors. Committee clarifies that they can do this independently.

Vote:

- Motion to utilize a strategy in which Committee Members pair up and engage directly with Supervisors on behalf of the Committee. Each pair will take on one to two of the Committee's recommendations as their area of focus.
 - **Motion/Second:** Aaron Flynn /Jesse Stout | **Motion Approved**
 - **Ayes:** 6 | **Nays:** 0 | **Abstentions:** 0

11. Proposed Future Agenda Items

Committee members will submit and agree upon future agenda items for the next several Committee meetings.

Discussion,
Possible
Action

- Proposed Future Agenda Items were not discussed due to time constraints.

12. Adjournment

- Meeting is adjourned at 4:38 PM