

SAN FRANCISCO CANNABIS OVERSIGHT COMMITTEE

Notice of Hearing & Agenda

Meeting held via Webex

**April 27, 2022
1:00 PM-4:00 PM
Regular Meeting**

Committee Members:

Voting Members

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

Non-Voting Members

- Mohanned Malhi or rep. from SFPDH
- Capt. Brian Philpott or Sgt. Chris Oshita or rep. from SFPD
- Jeff Buckley or Patrick O’Riordan or rep. of DBI
- Michael Christensen or Richard Sucre or rep. of SF Planning
- Quarry Pak or Rosalia Lopez or rep. from SFUSD
- Maggie Weiland or Kaitlyn Azevedo or Dylan Rice or rep. of SF Entertainment Commission
- Lt. Rick Figari or Lt. Dennis Sy 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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Meeting Materials

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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.

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

- Chair Jamalian shares that members of the public will have the opportunity to make comments but notes that committee members will not be able to respond directly to their questions and comments.
- Upon roll call, the following Committee Members were noted present [(v)= voting member]
 - Ali Jamalian (v)
 - Aaron Flynn (v)
 - Ryan McGilley (v)
 - Brendan Hallinan (v)
 - Nina Parks (v)
 - Theresa Foglio-Ramirez (v)
 - Shawn Richard (v) (arrived during Agenda Item 6, reflected as “absent” in vote tallies for agenda items 1-5)
 - Jeff Buckley, Department of Building Inspection (DBI)
 - Michael Christensen, SF Planning
 - Quarry Pak, SFUSD
 - Lt. Dennis Sy, SF Fire Department (SFFD)
- The following Committee Members were not present:
 - Doug Bloch (v)
 - Sara Payan (v)
 - Mohanned Malhi, Department of Health (DPH)
 - Capt. Brian Philpott or Sgt. Chris Oshita, SFPD
 - Dylan Rice, SF Entertainment Commission
 - Lt. Dennis Sy, SFFD
 - Jeff Buckley or Patrick O’Riordan, DBI
- A quorum is established

2. Review and Adopt Resolution Making Findings to Allow Teleconferenced Meetings Under California Government Code Section 54953(e)Discussion,
Action

Committee members review and adopt a resolution making findings required under state law to allow the Committee to meet remotely, as is currently required by order of the Mayor. The Committee will need to adopt these findings at each future meeting, at least until in-person meetings are allowed to resume in San Francisco. Refer to proposed “Resolution” included in the materials accompanying this agenda.

- No public comment
- **Motion:** There is a motion to adopt the resolution as written
 - **Motion/Second:** Theresa Foglio-Ramirez/ Nina Parks | **Motion Approved**
 - **Ayes: 6 | Nays: 0 | Abstentions: 0 | Absent: 3**

3. Review and Consideration of Regular AgendaDiscussion,
Action

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

- No public comment
- **Motion:** There is a motion to amend the sequence of the agenda, switching agenda items 5 and 6 to accommodate the report out from DBI.
 - **Motion/Second:** Aaron Flynn/Theresa Foglio-Ramirez | **Motion Approved**
 - **Ayes: 6 | Nays: 0 | Abstentions: 0 | Absent: 3**

4. Review and Approve Minutes from Committee Meeting on 2/16/2022 and Agenda Item #5 from Committee Meeting on 11/17/2021

Discussion
Action

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

- There is an insufficient number of voting members who were present for agenda item #5 during the November 11, 2021 meeting to now constitute a quorum and enable a vote on the minutes. However, the Committee will move forward with a vote on the minutes from the previous meeting held on February 16, 2022.
- There are no edits or requested revisions from the Committee.
- No public comment
- Motion: There is a motion to adopt the previous February 16, 2022 meeting minutes.
 - **Motion/Second:** Brendan Hallinan/Aaron Flynn | **Motion Approved**
 - **Ayes: 5 | Nays: 0 | Abstentions: 1 | Absent: 3**

5. Permit Processing within the Department of Building Inspection

The Committee will possibly hear from a representative of the Department of Building Inspection (DBI), and discuss and vote on a recommendation for addressing permitting-related matters.

Jeff Buckley, Policy and Public Affairs Director, and representative to the COC provides an overview of DBI's processes as well as input and recommendations:

- The OOC provided DBI with 23 permitted establishments for review. Of those most were retail operators. Three supply chain offices that possess article 16 permits were added to give a holistic view of process times.
- We worked through 23 establishments, two did not have evidence of permit history. 55 permit addenda were pulled for analysis, some were full permits and other were signage or other renovations. Street use permits were excluded.
- Types of permits included:
 - 32 permits were Form 8, also referred to as over the counter (OTC) permits. This refers to process by which applicant or their agent is in control of the plan, going station to station whether in need of planning approval or structural approval. They will either get approved that day or receive questions requiring additional responses and follow up.
 - DBI's goal is to provide OTC service within two days and have 60% approvals over that two day period. The second day is usually necessary for client to come back to make payment.
 - 13 permits were Form 3 alteration/repairs permits, requiring inhouse review.
 - Inhouse review entails plan analysis by an engineering team of mechanical focused on the requirement/structural components. These permits take longer depending on the back and forth between applicant and City departments which can at times be lengthy.
 - 9 permits were Form 4 or 7, signed permits.
- Of those permits, 7 have not been issued, 66% of OTCs were issued in less than two days.
- **Ticket Delays:** Some may take longer and require a 90 day recheck after review. Jeff reports that he is not sure why this is necessary and provide additional information after looking into it further.
- **The Electronic Plan Review (EPR)** system can be used to mitigate delays by supporting the rapid electronic exchange of plans between departments and between applicants and departments. Data shows shorter timelines when the EPR is used.
 - Last month 67% of inhouse permits were filed with the EPR.

- There are additional steps we can take to make applicants more familiar with the tool and process including:
 - work with staff to develop tutorials and workshops for applicants
 - better educate customers about the process itself
- **Covid disrupted OTC** review workflows, significantly impacting timelines and performance toward processing permits. However, as we are back in person, there is increased confidence about handling workflow. Current KPIs suggest a return to previous levels of services in submittals and in turnaround time.
- **Code enforcement process:** this data was not pulled as part of this review. This however can still be done and Jeff agrees to do so and provide follow up communications about current levels of performance through Chair Jamalian or OCC.

Committee Discussion

- Chair Jamalian requests additional information about what may be causing bottlenecks given that permits can get stuck for weeks at a time and then only take ten minutes to review. This seems to apply more so to supply chain and OTCs that are making significant improvements.
 - Jeff (DBI) shares that it is difficult to draw a conclusion at this stage but can return with a breakdown of wait times broken down by EPR vs. paper submissions as this may be a contributing factor.
- COC member asks what scope of work can be submitted through EPR as wet signatures are still being requested and are expensive?
 - Jeff (DBI) reports that wet signatures are still required by code so DBI cannot change this.
- Member Hallinan inquires as to whether it is possible to submit conditional use applications through EPR simultaneously or if that is done separately through the Planning Department?
 - Jeff (DBI) reports that though there is an assumption that if you submit a request at the same time as submitting planning approval, a simultaneous process occurs. However, this is not the case. Applicants who do work with Planning ahead of time have a smoother time passing through the DBI review process. Submittal after Planning Dept approval is a more logical and smooth process.
 - Michael Christensen (Planning Dept) shares that for conditional use requests there is a two-step process:
 - The city has established a process by which requests are reviewed by Planning first through a web portal. They must be submitted electronically as Planning is now 100% electronic and no longer accepts any requests in paper.
 - In the EPR, the request comes to Planning first for review before other stations can even open the ticket. This is cost-saving in cases where there is a question as to whether Planning will approve the request. Planning is the only review station in which you could meet all requirements and still have the plan rejected.
 - Member Hallinan requests confirmation that requests can be submitted directly to Planning without having first submitted an application to BDI?
 - Michael (Planning) confirms this if the requester is principally permitted. It is encouraged that any entitlement questions are resolved before initiation of the next step in the process. Planning then can immediately approve and the applicant can avoid waiting while that entitlement is under review.
 - Member Hallinan notes that this would be very helpful for applicants to understand. For an equity applicant taking on a CUA project, it is very daunting. To know that they can submit right away to Planning is very important information. He

recommends creating a flow chart that includes this piece to ensure the most efficient sequence of submittals to help budget time effectively and avoid doing it “backwards.”

- Jeff (DBI) shares that he will explore the idea of developing flow charts.
- Through Community Business Processing Program (CB3P), conditional use cases are guaranteed to having a hearing within 90 days (though this does not guarantee approval).
- Planning is currently experiencing staffing difficulties but is in process of moving through city hiring process for recruitment of a position dedicated to cannabis. At present there is three-week backlog for requests to be even get assigned to a planner.
- Chair Jamalain recommends that the next OOC bulletin include link to CB3P information and resources.
- Chair Jamalain suggests the Committee consider making a recommendation that Planning and DBI hire dedicated cannabis social equity permit handlers to mitigate backlogs.

Issues relating to Occupancy

- Cultivators are experiencing significant barriers to permanent licensing:
 - In 2018, SF Fire Dept began requiring all cultivators to change occupancy to F1.
 - Based on informal polling over the last 5-6 months, most pre-existing cultivators are having major difficulty changing occupancy code to F1.
 - F1 is a heavy manufacturing occupancy and would require seismic upgrades to meet that zoning designation. For many this is the last violation they have had and addressing it will be a significant financial hardship.
 - Requesting dialogue around this and answering the question of whether certain operators either through hardship exemption or additional evaluation by an engineer, be provided with a workaround.
- Lt Sy (SFFD) reports that the change in requirement was informed by international fire code and decision making at the State level. This was not a local decision so difficult to change.
- Member Buckley agrees to identify an appropriate DBI staff person who can discuss this in future meetings.
- The F1 designation is misaligned to the activity of these cultivators and predicated on an incorrect classification used for Textile/Tobacco:
 - Textiles/tobacco utilize hard chemical washes compared to cannabis cultivation which is plants being watered on trays.
 - Yet compliance requires load bearing floors assuming presence of heavy machinery.
 - Large number of cultivators will not be able to abate this violation. What happens when they try to get permit with that outstanding NOV?
- A primary issue is that some but not all cultivators had been given the option of a U option versus the F1.
- Request to agendize this issue in the next meeting with suggestion of additional information from SFFD and DBI re the following questions:
 - How many outstanding violations are there re requirement to change to F1?
 - How many providers have actually been able to make changes to meet requirements of F1 occupancy?
 - What can we come up with to mitigate challenges: hardship exemption, structural engineer testimony?

Public comment:

- A community member calls in to clarify whether micro business cultivation is also subject to the requirement for F1 occupancy designation.
- **Motion:** The COC formally recommends that the Planning Department and Department of Building Inspection each hire a dedicated cannabis social equity permit handlers/reviewers as soon as possible to mitigate backlogs.

- **Motion/Second:** Brendan Hallinan/Ali Jamalian | **Motion Approved**
- **Ayes:** 6 | **Nays:** 0 | **Abstentions:** 0 | **Absent:**

- 6. Equity Commitment Discussion** *The Office of Cannabis will provide a brief overview of the equity commitments as outlined in Section 1608(c)(9)(A-D) of Article 16 of the Police Code. The Committee will discuss and vote on recommendations for demonstrating compliance of these equity commitments.* Discussion

- The OOC presents overview of equity commitments as outlined in Section 1608(c)(9)(A-D) of Article 16. The presentation is available on the COC website included in the meeting materials package.

DISCUSSION

Issue 1: Lack of identified metrics and evaluation/reporting mechanisms

- There is a lack of a coherent and shared understanding of the equity commitments among cannabis business operators nor how best to demonstrate efforts towards social equity.
- Currently there is no way to evaluate/measure the extent of support toward equity commitments (e.g., agreed upon method to calculate and report on percentage of shelf-space reserved for local equity brands) and thus no ability to enforce accountability.
- Beyond this issue, there has been little progress toward other equity commitments including the establishment of new workforce development initiatives such as state-certified apprenticeship opportunities for individuals from communities historically targeted by the War on Drugs.

Future Considerations:

- Challenge 1: How to confirm that a product is actually a local equity product as there are local and state-wide products?
- Challenge 2: What percentage of shelf space is actually dedicated? Is there gap between volume of product and shelf-space?
 - 25% initially discussed, however supply chain is still growing. Important to consider supply chain when setting percentages that may be unrealistic. Tie into self-reporting as we need to first know the levels of sales that are happening then establish benchmark data.
 - Possible to request affidavits self-reported by individual operators re sales of equity products?
 - Challenge: difficult to request this of businesses and ensure validity of data without a standardized approach.
 - Could a mechanism for consumers to contact OOC and report complaints re lack of equity products be identified?
 - Staff capacity of OOC may challenge immediate implementation
 - Tracking of products
 - Tracking number for equity applicants: photoshop, sanitize address, and use permit number.
 - Would verification process be helpful? Each applicant does have assigned VEA number (qualified applicant number), used to confirm and track equity product shelved by local operators.
 - Connection between VEA and product?
 - Issue: how to classify products that are packaged by non-equity actors?

Issue 2: Status of Apprenticeships

- Local pre-apprenticeships must be approved by Office of Economic and Workforce Development (OEWD) before being State certified (which makes tracking hours and training easier as the State has very specific requirements).
- There is a need to:
 - refresh list of CBOs that are in workforce development
 - connect with them
 - get OEWD to approve apprenticeship programs
- If Success Center is doing apprenticeship, OEWD could recognize as pre-apprenticeship training program.

Key questions:

- Where to receive support for development of apprenticeship programming and training?
- What are minimum requirements for businesses to take on apprentices?
 - There are four pathways: cultivation, pharma-tech, manufacturing, and delivery. Most of apprenticeship get OJTC (on-the-job-training hours) and curriculum for study.
- Source hiring is not working so what other predefined vetting processes in other industries can we borrow?
- How can we provide training and mentorship as part of equity commitments? There is a close community of peers and companies so there is a real opportunity to do pilot apprenticeship programs to yield great a workforce.

Challenge 3: Outside Entities

- More multi-state actors are conglomerating and using BIPOC equity owners as the “face” of the business until doors open.
- OOC report increasing instances of concrete permit amendments coming in.
- **Key Question:** What is enforceable action if anyone is delinquent in submitting permit amendment or fails to submit if there is a change in equity ownership? What penalty is place?
 - OOC: This could result in permit revocation. The amendment has to be brought to the OOC’s attention immediately. *When* it happens also matters- whether pre permit issuance or post permit issuance.
- **Key Question:** How would OOC know that they are in violation? Does OCC have resources or ability to investigate whether ownership is being changed?
 - OOC: We have not yet had to deal with this as the bulk of our work to this point has been getting the permit issued. Recommendations re monitoring and enforcement could be helpful.
 - Equity permit is subject to renewal on annual basis. OOC can follow up to ensure business structure remains intact so this is a safety mechanism.
- Another way to mitigate this issue is by spending TA money on legal services. Necessary to identify law firms that specialize in net agreement deals to support Equity business operators:
 - OOC already has list of approved of community TA providers. It would be helpful if the Committee would identify criteria for adding additional community organizations.

Public Comment

- A community member and verified equity applicant shares that he is proud of this group and for their voice and this platform. He wants to inform them that he has been dealing with a fraudulent investor and starting his own equity defense team.
- A community member and verified equity applicant calls in to share that he is in the process of opening a business and inquiring as to how the Committee arrived at the

decision to reduce this year's grant award amount, now \$50K. While thankful for some support, that additional \$50K would offset having to give up percentage of equity to outside investors.

Motion: There is a motion to adopt the following Committee recommendations:

Recommendation 1: TA Providers

- *To include as part of the Equity Plan TA providers who have, are in the process of applying for, and/or may receive future TA grant awards, and those that are partnering or have partnered with the OOC that are not recipients of TA grants but provide TA services to social equity applicants.*
- *To leave room for additional organizations to be added contingent upon criteria to be developed by the COC.*

Recommendation #2: Apprenticeship

- *To include as part of the Equity Plan, the Committee recommends that the Office of Economic and Workforce Development approve pre-apprenticeship programs to trigger State-certification of apprenticeships.*

Recommendation #3: Shelf-space

- *To include as part of the Equity Plan, a pilot project that develops benchmark data through requested self-reported sell-through rates of San Francisco equity products using VEA numbers as a tracking mechanism.*

Recommendation #4: Rent/Space

- [Tabled for future discussion]

Motion/Second: Theresa Foglio-Ramirez/ Nina Parks | **Motion Approved**

Ayes: 7 | Nays: 0 | Abstentions: 0 | Absent: 2

7. General Public Comment

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

- There is no public comment
- The OOC shares brief update re staffing:
 - Ray Law will be leaving the OOC. He has been critical part of the OOC's success and gratitude is expressed for his efforts to stand up the office.
 - OOC is growing and in the process of hiring three new staff positions dedicated to permitting which will improve efficiency. The OOC will continue to work with City partners to expedite processes and troubleshoot issues.
 - Please contact Nikesh or Ray with any additional questions and comments

8. Adjournment

- Meeting adjourned at 4:09 PM