

SAN FRANCISCO CANNABIS OVERSIGHT COMMITTEE

Notice of Hearing & Agenda

Meeting held via Webex

**August 10, 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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(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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Accessible Meeting Information

Committee hearings are currently being held remotely using the Microsoft WebEx meeting platform. The location is accessible to persons using wheelchairs and other assistive mobility devices.

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Allergies: In order to assist the City in accommodating persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, please refrain from wearing scented products (e.g. perfume and scented lotions) to Committee hearings.

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**

- 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)
 - Ryan McGilley (v)
 - Brendan Hallinan (v)
 - Nina Parks (v)
 - Sara Payan (v)
 - Doug Bloch (v)
 - Michael Christensen, SF Planning
 - Quarry Pak, SFUSD
 - Jimmy Cheung, OTC Manager, DBI
- The following Committee Members were not present:
 - Theresa Foglio-Ramirez (v)
 - Aaron Flynn (v)
 - Shawn Richard (v)
 - Mohammed 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:** Nina Park/Ali Jamalian | **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:** Ali Jamalian/Brendan Hallinan | **Motion Approved**
- **Ayes:** 6 | **Nays:** 0 | **Abstentions:** 0 | **Absent:** 3

4. **Review and Approve Minutes from Committee Meeting on 4/27/2022**

Discussion

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

Action

- 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:** Doug Bloch/Brendan Hallinan | **Motion Approved**
 - **Ayes:** 6 | **Nays:** 0 | **Abstentions:** 1 | **Absent:** 3

5. **Update: Controller's Office Report**

A representative from the Office of the Controller's Office will provide a brief update on the status of a report assessing the impact of a local cannabis tax.

Carol Liu, Citywide Revenue Manager in Controller's Office Budget and Analysis Division, provides an overview of report on city's cannabis market, including current progress and next steps.

- The Division Primarily responsible for technical development of the city's budget
 - Including salaries and benefits costs tax revenues i.e. the cannabis tax, charter mandated spending and reserves
- Received request from Board of Supervisors late last year to review most recent data in the city's cannabis market
- Aiming to summarize information into a brief report coming out this fall
 - Also need to incorporate changes at the state level to the cannabis tax
- Initial data gathering earlier this year (spring)
 - Hired graduate student researcher (hired for spring semester) who conducted response research in a number of areas incl. Reviewing legislation and tax changes from other municipalities, state and legislative landscape, academic literature reviews, background information on local industries
 - Nothing specific to share today

Committee Discussion

- Member Hallinan inquiries whether there has been anyone else assigned to work on this report after the graduate intern + Who is going to work on this to finish it by fall
- Carol Liu answers that the group/division itself is going to finish it this fall in the Controller's office
- Member Bloch states that there are significant negotiations around tax policy and work with public employee unions (in particular SEIU) because they are representing public servants.
- Member Bloch inquires whether the report is going to flag how these negotiations fit into the overall city budget and what is funded through its revenues

- Carol Liu answers that in terms of the state, they are not discussing state's revenue, but will be talking about the impact of changing the excise tax up or down in the context of the city's budget and what is assumed to be in the city's budget
- Chair Jamalain inquires whether the division is looking at the impact of tax on state, and also looking on local impact of tax
- Carol Liu clarifies that that is what they are looking at, not focusing on state, focusing on the local impact of excise tax, but contextualizing it with impact on state
- Chair Jamalain states that these measures should be really impactful, especially with Prop D coming up in fall, the more data the committee can get – the sooner, the better we can be for the industry; it would be nice if the division can work closely with the committee
- Member Parks stated that it is important to see data in the context of the cost of living. Moreover the 15% excise tax placed on the consumer has been really difficult as operators in working with original market structure. California had promised a tax structure that would be competitive or would encourage people from the traditional market to be able to crossover but with 15% tax it has not actually yielded that result – what can encourage them to get tested from our operators rather than the traditional marketplace?
- Chair Jamalain inquires about considering social equity and tax evasion, and looking at nearby counties with favorable tax rates (making deliveries in the city but operating in a nearby county)?
- Chair Jamalain emphasizes that the cost of doing business in SF also needs to be considered
- Member Payan states that the industry has high vacancy rates even before the pandemic
- Member Hallinan states that it is important to consider how much out of city/unregulated activity is taking place since there may be many businesses evading local taxes as well as social equity program – especially when the industry is heavily regulated with massive barriers to entry
- Member Bloch states that other heavily regulated industries (barriers/costs associated with entry) are just as much plagued by the underground economy and businesses coming in from outside San Francisco and lack of compliance with regulations that local businesses face. It leads to workers not getting paid prevailing wages + it undermines legitimate companies. Member strongly recommends a conversation about enforcement to deal with the underground and black market economy
- Member Hallinan inquires if the costs associated with operating this program and projected costs going forward are included in this report.
- Carol Liu answers that that wasn't a part of our scoping; they mostly looking at it from a tax or revenue question
- No public comment
- No motion

6. Update from the Office of Cannabis

Discussion

Members of the Office of Cannabis will provide a presentation on the status of the office and its work.

The OOC introduces new permitting processes and updates as well as new staff.

Committee Discussion

- Member Hallinan inquires if the office of cannabis is handling enforcement and about other city agencies the office is working with
- Associate Director Gooch answers that the office is working with other city partners. The office does not disclose how they do these processes. SFPD accompanies them for complaints, which have a wide variety of specificity (and the ability to follow up is at times limited)
- Member Jamalian inquires about the number of complaints that are commercial scale violations
- Assistant Director Gooch answers that they don't get a lot of warehouse complaints at the office
- Member Hallinan inquires if the OOC is issuing cease and desist violations
- Associate Director Gooch answers that they are
- Member Hallinan inquires if 311 giving information is given to OOC for enforcement?
- Assistant Director Gooch answers that they have a 311 platform, and receive complaints on them
- Member Hallinan inquires about 90-day requirement for event application
- Assistant Director Gooch answers that the 90 day requirement is to reach out to OOC to receive local authorization to define the event, its date, number of attendees, viability of event. Applications should include a local authorization letter.
- Member Park inquires if there is going to be a new process in adding events to the list
- Director Patel answers that the OOC is not sure what the new process will be. The next step will most likely be through legislative intervention, but first the OOC has to display that they've learned enough from the existing framework of events to create a new framework. They hope to learn from the equity program as a whole and although they intend to in the future, they don't currently have staffing resources to expand the list of eligible events broadly
- Chair Jamalian offers to reach out to Member Parks about events in every part of town
- Member Hallinan inquires if the OOC will do legislative recommendations?
- Director Patel responds that it is unlikely that there is budget for that in the upcoming year (the budget was settled in June) and OOC would not be able to make changes to the budget and will have to wait until the next fiscal year. The office would want to create more opportunities to permit events, but also want to be realistic in terms of ensuring the office is appropriately staffed to meet the anticipated interest/demand in temporary events when they do. Director Patel notes that opening up the temporary event framework at this time, with present staffing resources, could create a situation where applicants have to wait exceedingly long times to be permitted for an event. This could lead to applicants applying for a permit but not being awarded one in time for an actual event.
- Chair Jamalian suggests a pilot program, adding small scale events (i.e. a permitted event with approx. 50 attendees). Chair offers to work with Member Park to come up with something that also works for OOC capacity as they don't want to overload the OOC staff
- Member Park echoes Chair Jamalian's sentiment and does not want to bottleneck permits.
- Member Park states that there are no opportunities for someone with Equity Permit to get any state grant money from city at all, there is not financial assistance for individuals to do events as a part of the Equity program. The resources for waiving fees are only available for

people with brick and mortar facilities. Member Park emphasizes that in legislative recommendations, license type for every permit should be considered.

- Chair Jamalian inquires if a fee waiver applies to state fees
- Member Park states that there are unexpected costs at the city-level where fee waivers aren't available or applicable. Brick and mortar institutions could get grants to invest in their businesses, however, there's none of that for events. In the context of equity, OOC should consider every license type.
- Chair Jamalian states that license type should be considered in next round.
- Director Patel states that very few jurisdictions do event permitting; Oakland is the only other city doing events. The way that OOC can disperse grants is based on the parameters of the state, if there are only two jurisdictions, the eligibility criteria needs to be updated for a small set of jurisdictions.
- OOC Deputy Director Schwartz stated that there are many factors to weigh and offered to input this as a discussion item for future meetings to do more research
- Member Bloch states that he appreciates seeing the office hiring people from the community
- Chair Jamalian echoes sentiments and states that he looks forward to working with new staff

Public comment:

- A community member and store owner calls in to state that there needs to be permit amendments to see portion of equity. They need to get a meeting with someone to discuss amendments, as well as support and resources to help nonprofits
- A community member submits a chat: My name is Reyna Jackson and my experience of the grants program and overall permit process has been negative and demoralizing. During grant redistribution I had viable expenses, like marketing research, unfairly denied and I was only able to draw down a fraction of my eligible amount as a sole proprietor as the clock ran out. I physically picked up a five-figure advancement funds check on Wednesday 2/23, which the OOC expected to be cleared and spent by Monday 2/28, with no grace period. After communicating that the Bank of America non-cashier's check would take additional time to clear, I received no response nor willingness to provide an extension. Instead, the OOC is demanding the return of these funds with additional punitive actions and has denied my permit application, leaving me paying rent on my lease for no good reason. My dilemma is a result of slow, passive-aggressive responses from the OOC and a lack of willingness to collaborate and problem-solve. Positive survey results only capture the small percentage of us that have become permitted and/or received grant funds and ignores the majority who have not been so successful despite being savvy entrepreneurs following the rules.

7. Engaging with the Permit Center

Representatives from the Permit Center, PLN, and DBI will present on how to navigate the Permit Center. This presentation is useful for all cannabis business permit applicants, and especially for those who have been referred to PLN by the OOC.

Permit Center representatives presented new streamlined and centralized services for improving the permit process.

Committee Discussion

- Chair Jamalain inquires how many of the 57% of OTC applications are approved within two days.
- OTC Manager Cheung responds that half of a percentage are cannabis permits
- Chair Jamalain states that many organizations have difficulty to pull OTC permits for cannabis permits
- OTC Manager Cheung responds that the DBI attends to do cannabis permits OTC, however sometimes the information is incomplete, or it takes time to write all the corrections and give it to owner in one shot.
- Chair Jamalain inquires if the issue is on an intake level i.e. if cannabis use is integrated into OTC. Many vendors in the community do intake processes and expect OTC, but then it's set aside and then the process is slowed (the DBI OTC slides are not accurate especially for cultivation and extraction). Vendors are supposed to receive answers about outstanding violations, occupancy, fire code issues.
- Permit Center Manager Gus states that the DBI is working with the OOC on issues with permitting process in community and would love to have a conversation about this issue
- Member Christensen states that permits for cultivation do not qualify for OTC, if these permits take a review longer than an hour, then it moves away from OTC.
- Permit Center Manager Gus states that the permit center has introduced a customer-focused mindset and applied it to every department – now there is a soft intake process
- OTC Manager Cheung states that medicinal recreational retail use can be done OTC
- Member Hallinan states that he wants to ensure that equity applicants have the right information and support. Since there's been a miscommunication on OTC eligibility, maybe new guidelines can be set in place. The information should be as accurate as possible for teams and investors to have a realistic understanding of the process.
- Member Bloch states that he wants to thank his fellow members for comments and thank the DBI staff for the report. Member Bloch also states that the Cannabis industry is unlike any other and gets treated unlike any other industry in SF. The committee is a public facing body and have an employer community coming. This hands-on treatment of cannabis industry and unparalleled access to city staff – it's important. He understands the frustrations navigating permit system, but it's important to step back and express gratitude for hands-on treatment for the industry
- Member Christensen states that having an electronic review process rather than a paper review process could be beneficial. Paper goes from one person to another, while the electronic process goes to everyone at the same time so it cuts off processing time by a few months.
- Chair Jamalain inquires if there is a way to convert from paper to electronic after submission
- DBI Deputy Director Pereira answers that electronic submission even mid-stream will be encouraged. The internal process is slightly altered, but DBI Permit Center will entertain those requests and convert them.

Public comment:

- A community member submits a chat: First I want to clarify that I commend the groundbreaking work that OOC has achieved. I am grateful for this opportunity and I am very happy for equity operators leading the way. Yet, the OOC must acknowledge how it

can improve to serve more people who also deserve to take advantage of this opportunity.

One solution would be to work with the Board of Supervisors to enhance the incubation program making it mandatory for general applicants, like in Oakland. I commend the generous incubators that contribute to Equity through it's only optional. The outdated OOC incubator list still includes too many bogus incubators that are not vetted, non-responsive, or worse, just phishing for ideas to steal with no NDAs in place. Bottom line, too many of us have abandoned our applications or are on the brink, and are left worse off financially than when we started, which is tragic and unacceptable.

8. General Public Comment

- No public comment

9. Adjournment

- Meeting adjourned at 4:09 PM