

San Francisco Cannabis State Legalization Task Force

Non-Retail Licensing **DRAFT** Workgroup Recommendations

Technical

Notes for Task Force Member consideration are italicized.

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| <p>Non-Retail Licensing Elements</p> | <p><u>General</u></p> <ol style="list-style-type: none"> 1. San Francisco should make local permits for non-retail businesses available for all MCRSA and AUMA license categories and microbusinesses.*<i>(Refer to Year I RCAF recommendation 1 - decide if this issue is sufficiently addressed there or if more specificity is needed)</i> 2. In addition to the State-defined license types, the following local license types should be created: <ul style="list-style-type: none"> • New category: Virtual dispensary (i.e. non-storefront dispensary that delivers) • New category: Manufacturing 6B Special baking/cooking license • New category: Consumption lounge <i>(Refer to Year I RCAF recommendations 2, 8-11)</i> The above licenses would not include retail activity, except in the case of microbusinesses. 3. San Francisco should issue standalone permits for non-retail businesses, meaning no previous affiliation with medical cannabis dispensaries would be required as part of the licensing process. 4. The non-retail permitting process in San Francisco should be streamlined and efficient. <i>(Refer to Year I RCAF recommendation 20)</i> 5. In the non-retail permitting process, existing permit holders should receive priority processing and licensing status at the State and local levels. <i>(Refer to Social Justice recommendation 2a in subsequent section)</i> |
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6. San Francisco should respond to all State inquiries regarding local permits in a timely manner.
7. To reduce the risk of theft, local licensing agencies should keep non-retail facility physical addresses discreet, with mailing addresses as an appropriate way of providing information.* *(Workgroup noted “Each agency will have its own records” and “Noncooperation with Drug Enforcement Agency”- clarify and confirm whether this information should be included as a recommendation. See also Social Justice recommendation 4 in subsequent section)*

Licensing Requirements

8. Existing local and State laws and regulations cover many of the desired requirements for non-retail cannabis businesses. As such, the requirements for non-retail licensing should align with these local and State laws and regulations, including:
 - Board of Equalization (BOE) Sellers permit requirements
 - Articles of Incorporation
 - Labor laws
 - Occupational Safety and Health Administration (OSHA) standards
9. Non-retail license applicants should be required to provide the following supporting documentation to the City of San Francisco as part of the licensing process:
 - Hazardous materials and waste storage plan
 - State nursery program inspection
 - Building inspections from the Department of Building Inspection (DBI)
 - Fire Department documentation
 - Documentation of alignment with Agricultural Department best practices
 - Security plans
10. An annual inspection and a review of documents by a licensing agent should be required for non-retail license renewal. The inspection and document review should ensure compliance

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| | <p>with State regulations and good standing with the Board of Equalization (BOE).* <i>(Workgroup listed this information as notes - confirm whether it should be included here or as another recommendation)</i></p> <p>11. San Francisco should issue non-retail permits to the operator, rather than for the property.* <i>(Workgroup listed this information as notes, and group did not reach consensus – confirm whether it should be included here or as another recommendation)</i></p> |
| Dual Medical and Adult Cannabis Licensing | <p>12. San Francisco should not make a distinction between medical and adult use permitting for non-retail businesses.</p> |
| Personal Cultivation | <p>13. Personal, noncommercial cultivation should not require a license in San Francisco.</p> |

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Social Justice

Notes for Task Force Member consideration are italicized.

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| Strategies | <ol style="list-style-type: none"> 1. San Francisco should engage community members in the target populations (people of color, women, and formerly incarcerated persons), workforce development organizations, community-based organizations, and other key stakeholders to develop strategies to reduce economic barriers to enter the cannabis industry as entrepreneurs. 2. San Francisco should prioritize the following strategies for development: <ol style="list-style-type: none"> a) A prioritized permitting process to help operators reduce initial start-up costs (e.g. subsidized rent while undergoing permitting process)* <i>(Note Technical Recommendation 5 in previous section regarding priority for existing businesses)</i> b) An equity licensing program, which would include: <ul style="list-style-type: none"> • Entrepreneurship grants or other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership (funded by cannabis taxes) • Subsidized permitting and license fees • Priority permitting* <i>(This is also listed in a) above – needs clarification.)</i> • Access to small business support programs and incubator services, such as the Mission Economic Development Agency (MEDA), Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE) programs, and others (funded by cannabis taxes) • Outreach and education to identify eligible demographics and community priorities for equity licensing components <p style="margin-top: 20px;">Additional strategies could include outreach strategies, education, and incentives customized to entrepreneurs and employees of target demographics, including formerly incarcerated people.</p> |
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| | <ol style="list-style-type: none">3. San Francisco should provide a clear, transparent pathway and process for businesses to become compliant with _____, and a grace period for them to become compliant.* (<i>Clarify</i>).4. San Francisco should ensure local regulatory agencies' non-cooperation with federal law enforcement authorities via a San Francisco local ordinance.* (<i>Workgroup notes listed "Compliance guide/ city process guide" - confirm whether this should be included here or in another recommendation</i>)5. San Francisco should provide training focused on undoing the harms of the war on drugs to the San Francisco Police Department and San Francisco District Attorney. (<i>Refer to Year I PSSE recommendation 6.</i>) |
| Stakeholders | <ol style="list-style-type: none">6. The following entities could be involved in the aforementioned social justice-focused efforts:<ul style="list-style-type: none">• Neighborhood associations• Community business supports (e.g., MEDA)• Community College of San Francisco• Potential and current cannabis employees and entrepreneurs including formerly incarcerated people, women, and people of color• Landlords• Small Business Association (SBA)• Judges• District Attorney• Public Defender• Office of Economic and Workforce Development (OEWD) |

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Community Engagement

Notes for Task Force Member consideration are italicized.

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| Strategies | <ol style="list-style-type: none"> 1. San Francisco should develop cannabis non-retail business operating standards to form part of the non-retail business permitting process. These standards would ensure that cannabis businesses are “good neighbors” to the communities in which they are located. These standards should be enforced meaningfully by regulatory agencies in a non-discretionary manner (e.g., standard set of rules and consequences, such as citations or notices of violation if rules are broken).* <i>(Refer to PSSE recommendations 4-5.)</i> 2. Cannabis non-retail businesses should engage with their neighbors and community as part of the licensing process, as this is a best practice to ensure community and businesses needs are supported and addressed.*<i>(Workgroup group did not come to consensus on whether this should be a recommendation - confirm.)</i> 3. The regulatory agency overseeing the cannabis industry should clearly communicate the cannabis business regulations to the neighboring community so that they are informed and aware of the regulations. Thus, community members can keep an eye on businesses and serve as first reporters to the regulatory agency for enforcement. 4. The San Francisco Department of Public Health (DPH) should advise and communicate any environmental concerns to the neighboring communities of non-retail businesses. <p><u>Advertising</u></p> <ol style="list-style-type: none"> 5. For the sake of public safety, non-retail businesses should not aim to draw unnecessary attention to themselves, especially as it pertains to their advertising and/or community |
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| | <p>outreach.* (See PSSE recommendations 19-22.)</p> |
| <p>Stakeholders</p> | <p>6. The following entities could be involved in the City’s community engagement efforts for non-retail:</p> <ul style="list-style-type: none"> • Businesses • Residents • San Francisco Department of Public Health • San Francisco Police Department • San Francisco Fire Department • Office of Economic and Workforce Development (OEWD) • Office of Small Business • Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency |
| <p>Tourism and Hospitality</p> | <p>7. San Francisco should create a certification program for non-retail tour operations. Regulations and clear enforcement processes should be established for bus size, bus drivers, and smoking in vehicles, and to mitigate traffic congestion, safety concerns, noise, odors, waste, and graffiti as a result of tours. Regulations should also set a maximum number of attendees per tour, per day. (See California Public Utilities Commission (CPUC) for existing regulatory model).</p> <p>8. Public safety education (e.g., regarding specific regulations) should be required for tour bus operator companies. Tour operators should distribute cannabis education materials as part of the tour* (Refer to PSSE recommendations 26, 29.)</p> <p>9. Tour operators must engage with the community.* (Clarify.)</p> |

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| | <p>10. Non-retail tours must be licensed as an accessory use in Production, Distribution, and Repair (PDR) zoned areas.</p> |
| <p>Youth Access and Exposure</p> | <p>11. People must be over 21 years of age to work in the non-retail cannabis industry in San Francisco.* (<i>Refer to LUSJ recommendation 20</i>)</p> <p>12. Non-retail tour access should be restricted to people ages 21 and over.</p> <p>13. Non-retail cannabis related waste must be disposed of securely.</p> |

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