

San Francisco Cannabis State Legalization Task Force – Year II
Retail Licensing FINAL Task Force Recommendations

Technical

Retail Licensing Elements	<ol style="list-style-type: none"> 1. San Francisco should make local permits for retail businesses available for all MCRSA and AUMA license categories and microbusinesses. 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: Manufacturing 6B Special baking/cooking license • New category: Virtual dispensary (i.e. physical location used for delivery with no walk-in retail) • New category: Consumption lounge, bring your own product (entertainment, restaurants, yoga studio, gym) • New Category: Temporary Events, Cannabis Cup/Cultural Events, and Farmers Market examples 3. The retail permitting process in San Francisco should be streamlined and efficient. 4. In the retail permitting process, existing permit holders in good standing or those who have been displaced as a result of federal intervention should receive priority processing and licensing status in the City and County of San Francisco. This recommendation should not conflict with Social Justice prioritized permitting processing recommendations. 5. San Francisco should respond to all State inquiries regarding local permits in a timely manner. 6. San Francisco should develop meaningful qualitative findings for the Planning Commission and/or other commission(s) to use when reviewing adult use retail applications.
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7. San Francisco should develop policies to prevent clustering of adult use cannabis retailers. Strategies may include:
 - Use of “buffer zones” around other adult use retail locations. The distance of these buffer zones should balance both community concerns and business interests, with the aim of preventing too high a concentration of retail locations in a given district while also encouraging healthy competition.
 - Stricter clustering provisions in Neighborhood Commercial Districts to balance neighborhood concerns, and less strict clustering requirements in other districts, such as Downtown or Industrial districts.
8. San Francisco should include adult use cannabis retail businesses in existing Formula Retail rules. Note: Formula retail rules state that if an establishment has eleven or more retail locations worldwide, it is subject to a more stringent review and authorization process.
9. San Francisco should craft a reasonable process for current medical cannabis dispensaries to transition into the adult use market. A “transition” would include a medical dispensary adding adult use products or a medical dispensary switching to an adult use business model. Such “grandfathered” medical cannabis businesses should be exempt from any new, more restrictive land use provisions that may be applicable to adult use retail businesses.
10. San Francisco should allow cannabis retailers to participate in both the medical cannabis and adult use cannabis markets. The licensing process should include a review of the cannabis retailer’s history (e.g. complaints and violations), possible proximity concerns, public review, traffic study, and a business plan that includes traffic/customer flow management.
11. San Francisco should not create a separate retail permit for nurseries.

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12. San Francisco should not make a distinction between medical and adult use permitting for retail businesses.

Licensing Requirements

13. Existing local and State laws and regulations cover many of the desired requirements for retail cannabis businesses. As such, the requirements for 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

14. Retail license applicants should be required to provide the following supporting documentation to the City of San Francisco, as part of the licensing process, depending on the nature of the activity:

- 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
- Weights & Measures

15. An annual inspection and a review of documents by a licensing agent should be required for retail license renewal. The inspection and document review should ensure compliance with State and local regulations and good standing with the Board of Equalization (BOE) or Office of the Treasurer and Tax Collector.

16. San Francisco should issue local retail licenses to the operator for a particular location.

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<p>On-Site Consumption</p>	<p>17. San Francisco should allow and create pathways for smoking cannabis in public places that become privatized. These pathways should follow rules similar to alcohol consumption at special events for adults age 21+ and medical card holders age 18+.</p> <p>18. The San Francisco City Attorney should provide further legal guidance regarding consumption in public-private spaces, i.e., where, when and how it could be done in the City.</p> <p>19. San Francisco should allow on-site consumption at cannabis retail locations and these locations must include proper ventilation systems.</p> <p>20. On-site consumption should include nightclubs, bars, cafes; hotel roof-tops; outside spaces at buildings; music festivals/parks (e.g., Hippie Hill); private club/outdoor garden; adult-one spaces in public parks; temporarily privatizing public spaces through permitted activities.</p> <p>21. San Francisco’s on-site consumption requirements should not be stricter than those outlined in state cannabis laws.</p>
<p>Non-Profit Licensing</p>	<p>22. San Francisco should encourage the non-profit model and make non-profit license available for cannabis organizations that provide compassion programs and supportive services.</p> <p>23. San Francisco should provide incentives (e.g. tax and licensing incentives) to cannabis organizations that provide compassion programs and supportive services.</p>
<p>Tourism/Hospitality</p>	<p>24. San Francisco should collaborate with stakeholders to develop policies that achieve an appropriate balance between discretion and visibility of adult use cannabis culture. Along these lines, the City should create pathways that allow tourists to access adult use cannabis products and legal consumption spaces while preventing undesired exposure for those who prefer limited interaction with the cannabis industry. Strategies could include the following:</p>

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- Allow cannabis consumption indoors to prevent unintended exposure
- Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street while complying with existing Planning code requirements for active store front uses
- Collaborate with tourism/hospitality stakeholders to provide tourists with educational materials and information about safe access and consumption of adult use Security plans

25. San Francisco should allow cannabis retail locations in San Francisco to give tours of their facilities to the public.

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Social Justice

Strategies	<ol style="list-style-type: none"> 1. San Francisco should engage community members in the target populations (people of color and formerly incarcerated persons; and within these groups prioritize women, transitional-age youth ages 21-24, and LGBTQ people) along with workforce development organizations, community-based organizations, and other key stakeholders to develop strategies to reduce economic barriers to enter the cannabis industry as workforce or entrepreneurs. 2. San Francisco should reduce annual permitting fees according to the percentage employment of target populations (25% off for 25% employment of target populations, 50% for 50% employment of target populations) 3. San Francisco should prioritize the following strategies for development: <ol style="list-style-type: none"> a) A prioritized permitting process to help operators in the target populations reduce initial start-up costs (e.g. subsidized rent while undergoing permitting process). Existing businesses should be prioritized first, followed by operators in the target population, and previously licensed businesses closed by actions of the Department of Justice. If the cannabis regulatory agency places a cap on the number of licenses, this prioritization model should be revisited. b) An equity licensing program, which would include: <ul style="list-style-type: none"> • Entrepreneurship grants and 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 • Access to small business support programs and incubator services, such as the Mission Economic Development Agency (MEDA), SCORE, Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE) programs, and others (funded by cannabis taxes)
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	<ul style="list-style-type: none"> • Outreach and education to identify eligible demographics and community priorities for equity licensing components <p>Additional strategies could include: outreach, education, loans, waiving requirement for control of location during application process, offering subsidized rent for business facility during application process, and incentives customized to entrepreneurs and employees of target demographics, including formerly incarcerated people.</p> <ol style="list-style-type: none"> 4. San Francisco should provide a clear, transparent pathway and process for businesses to acquire retail licenses, and existing businesses should be allowed to operate for a period of one year while a permit application is in process, including issuing a city licensing compliance process guide, integrated into the SF business portal. 5. San Francisco should ensure local regulatory agencies’ non-cooperation with federal law enforcement authorities via a San Francisco local ordinance. Additionally, the Board of Supervisors should endorse AB 1578 or analogous state legislation for California State law enforcement non-cooperation with federal law enforcement authorities.
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 support programs (e.g., MEDA) and other local business associations • City College of San Francisco • Potential and current cannabis employees and entrepreneurs, including formerly incarcerated people, women, and people of color • Landlords • Office of Economic and Workforce Development (OEWD)

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Community Engagement

Finalized during August 9th Task Force meeting.

<p>Strategies</p>	<ol style="list-style-type: none"> 1. San Francisco should develop cannabis retail business operating standards to form part of the retail business permitting process. These standards should 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).*(Reflects Year 1 PSSE recommendation 4.) 2. The regulatory agency or agencies overseeing the cannabis industry should make cannabis business regulations clear and accessible to the general public so that the public is informed and aware of the regulations. 3. All employees of retail cannabis businesses should receive regulatory compliance training within six months of hiring similar to California Alcohol and Beverage Control LEAD training. 4. Community complaints and hearings for licensing and land use issues should be managed by the Office of Cannabis, and priority for hearings should be given to local residents.
<p>Stakeholders</p>	<ol style="list-style-type: none"> 5. The following entities are stakeholders in the City’s community engagement efforts for retail: <ul style="list-style-type: none"> • Businesses • Residents • San Francisco Department of Public Health • San Francisco Police Department

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	<ul style="list-style-type: none"> • San Francisco Fire Department • San Francisco Unified School District • Office of Economic and Workforce Development (OEWD) • Office of Small Business • Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency
Tourism and Hospitality	<p>6. There is a notable desire within the culinary community to incorporate adult use cannabis in dining options/opportunities, including the use of cannabis as a meal ingredient and the establishment of food/cannabis pairing options. San Francisco should collaborate with key stakeholders, such as culinary and hospitality organizations, to develop strategies for increasing these opportunities for restaurants and other food establishments. Strategies could include:</p> <ul style="list-style-type: none"> • Developing, proposing and pursuing a state legislative approach that would create an exemption for these types of culinary experiences. • Development of a patron notification process for any food establishment offering these opportunities. • Development of mechanisms to determine the appropriate distribution of cannabis-friendly dining venues throughout the City. <p>7. San Francisco should allow cannabis consumption in parked cars (i.e., do not impose arrests, fines, or fees for cannabis consumption in parked cars.)</p> <p>8. San Francisco should create a certification program for retail tour businesses in alignment with existing regulations (e.g., for tour busses). 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, and waste as a result of tours.</p>

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	<p>9. Public safety education (e.g., regarding specific regulations) should be required for tour companies. Tour companies should be required to distribute cannabis education materials to patrons as part of the tour.</p> <p>10. Tour companies should be required to designate a community liaison to address concerns and respond to community inquiries.</p>
<p>Youth Access and Exposure</p>	<p>11. San Francisco should collaborate with stakeholders to develop policies that achieve an appropriate balance between discretion and visibility of adult use cannabis culture. Along these lines, the City should create pathways that allow tourists to access adult use cannabis products and legal consumption spaces while preventing undesired exposure for those who prefer limited interaction with the cannabis industry. Strategies could include the following:</p> <ul style="list-style-type: none"> • Allow cannabis consumption indoors to prevent unintended exposure • Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street. <p>12. Retail tour access should be restricted to people ages 21 and over or in possession of a valid medical cannabis recommendation.</p> <p>13. Retail cannabis-related waste material should be stored and disposed of securely in order to prevent diversion to youth.</p>

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