



CITY AND COUNTY OF SAN FRANCISCO
EDWIN M. LEE, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

SMALL BUSINESS COMMISSION
DRAFT MEETING MINUTES

Monday, October 2, 2017
2:00 P.M.
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

SMALL BUSINESS COMMISSIONERS

Mark Dwight, President
Stephen Adams, Vice President
Kathleen Dooley, William Ortiz-Cartagena
Irene Yee Riley, Paul Tour-Sarkissian, Miriam Zouzounis

1. **Call to order and roll call.**

The meeting was called to order at 2:06 PM.
Commissioners Adams, Dooley, Dwight, Ortiz-Cartagena, Tour-Sarkissian, Yee Riley, and Zouzounis were present.
Staff in attendance: Regina Dick-Endrizzi (Executive Director) and Menaka Mahajan (Senior Policy Analyst).

2. **General Public Comment. (Discussion Item)**

No members of the public requested to speak.

3. **Board of Supervisors File No. 170867 - Environment Code - Flame Retardant Chemicals in Upholstered Furniture and Juvenile Products. (Discussion and Possible Action Item)**

Kanishka Karunaratne (Legislative Aide, Office of Supervisor Mark Farrell) introduced the legislation. Deborah Rafael (Director, Department of Environment) reviewed the legislation. Both highlighted the origins of the legislation and their conversations within the retail community, outreach efforts, and potential impacts on retailers. They noted that secondhand furniture is exempt.

Commissioner Dooley asked about online retailer compliance. Director Rafael notes that this is a new area to consider and that she hoped to look at strategies with non-profit partners. Commissioner Tour-Sarkissian asked for clarification around out-of-city/county business compliance. He also asked what percentage of businesses would have to comply and what percentage of sales would come from out of city/county. The Director noted she could follow up with that information. She also assured that there would be no conflict with State or federal law, nor interstate commerce laws.

Public Comment:

Andria Ventura, Russell Long, Tom O'Connor, Judy Levin, and Mauricio Garcia spoke in support of the legislation.

Motion: Commissioner Adams motioned to support the legislation.

2nd: Commissioner Tour-Sarkissian.

Aye: 7

Nay: 0

Motion passed: 7-0.

NOTE: Items 4 and 5 were called together.

4. **Board of Supervisors File No. 171042 - Various Codes - Regulation of Cannabis Businesses; and,**
5. **Board of Supervisors File No. 171041 - Planning Code - Cannabis Regulation. (Discussion Items)**

Nicole Elliott (Director, Office of Cannabis) introduced and reviewed both ordinances. She also provided an overview of state legislation, and shared what other states have legalized medical and/or adult use cannabis. She also provided a review of existing San Francisco regulations, the San Francisco Cannabis State Legalization Task Force, responsibilities of San Francisco City Departments in the implementation of Proposition 64, and the creation of the Office of Cannabis. She also shared the drafted local and state legislative timeline.

Commissioner Adams thanks Ms. Elliot for the presentation and clarity it offered. He asked whether a medical dispensary would be able to acquire an adult use permit. Ms. Elliot offered that a business may have both, this legislation in particular would require that retailers retain their medical permits and then add their adult use permits.

Commissioner Tour-Sarkissian ask for confirmation as to whether temporary medicinal cannabis licenses/permits would be valid for 120 days. Ms. Elliot confirmed this and that they would be eligible for 90 day extensions until 2019. However, they do need to complete and submit all of their paperwork within that timeframe. He also asked Ms. Elliot for an overview of the Office of Cannabis' structure and operations which she provided.

Commissioner Zouzounis asked whether undercover operations and regular inspections would be conducted in order to maintain compliance and avert youth access. Ms. Elliot confirmed they would.

Commissioner Ortiz-Cartagena asked for an explanation of the basic process for businesses to be permitted. Ms. Elliot provided that overview.

Commissioner Zouzounis followed and inquired whether there would be a program parallel to the equity program which would support local San Francisco based businesses. Would there be an opportunity for tobacco retailers to transition to become cannabis retailers. Ms. Elliot affirmed that accessory use deserves attention and thought but, is not specifically permitted through this legislation- state regulation would better inform how local policy will be made. Commissioner Zouzounis also inquired about the permitting process and asked for confirmation that local permits are first required, Ms. Elliot confirmed.

Commissioner Dooley asked whether those under 21 would be able to work in locally permitted cannabis retail establishments, Ms. Elliot confirmed they would not.

Aaron Starr, Manager of Legislative Affairs with the Planning Department reviewed the cannabis specific land use requirements.

Commissioner Dwight inquired as to how long a block in the City. Mr. Staff clarified that the 600ft requirement is applied as a radius and would cover essentially an entire block.

Commissioner Adams, appreciated the presentation and commented that these types of businesses should be represented in the periphery neighborhoods.

Commissioner Ortiz-Cartagena asked, would it apply to restaurant with adult use food? Mr. Starr confirmed that yes, it would apply. They would need to apply for a cannabis application and would have two distinct land use applications/permits at the same location. Ms. Elliot shared that accessory use permits would not be issued until 2019, at least.

Commissioner Dooley inquired regarding pet stores that sell CBD products. Ms. Asiedu-Frimpon from the Department of Public Health could not provide a definitive answer.

Commissioner Tour Sarkissian asked whether zoning rules had changed for testing laboratories. Mr. Starr confirmed that through this legislation they are mapping cannabis retail uses under existing land use categories. Would there be other requirements/local standards for labs? Ms. Elliot affirmed that they may, the City is allowed to add additional standard in order to capture operations failing their test.

Commissioner Yee-Riley asked why the permitting boundary was changed from 1000 to 600 ft. Mr. Starr affirmed that 600ft was the state standard and that San Francisco had adopted the more restrictive 1000ft, standard.

Commissioner Ortiz-Cartagena asked whether MCDs would be grandfathered in under the Planning Code. Aaron Starr confirmed they would. Ms. Elliot also affirmed that only established MCDs have access to temporary permits.

Commissioner Adams asked whether/how distributors would be addressed and regulated. Ms. Elliot shared that the distributor would be in charge of ensuring labeling would be correct. Commissioner Zouzounis followed to inquire about distributor permits. Ms. Elliot affirmed that distributors would be eligible under temporary permit and would be able to seek a full permit to operate. These would move on same timeline as other operations. They would also have to acquire authorization for that specific activity.

Commissioner Tour-Sarkissian inquired regarding temporary permits? Ms. Elliot confirmed that the legislation provides local authority to issue temporary permits and the type of activities allowed.

Commissioner Zouzounis reiterated that accessory use is very important to the Office of Small Business and the Commission and would like to be part of future discussions/working groups. Ms. Elliot affirmed that a task force plans to discuss this at a later date.

Public Comment:

Jim Lazarus, generally supportive of the legislation. The commenter also made a number of recommendations regarding the legislation.

Terrance Alan, generally supportive of the legislation. The commenter also made a number of recommendations regarding the legislation.

Nina Parks, generally supportive of the legislation. The commenter also made a number of recommendations regarding the legislation.

Representative from sector who would benefit from temporary permits, generally supportive of the legislation. The commenter also made a number of recommendations regarding the legislation.

Commissioner Ortiz-Cartagena: thanked agencies for presentations and appreciation for how digestible it was. He stressed that expediting accessory use processes for businesses that are struggling right. He also shared feedback regarding the equity program and the restriction to marijuana only felonies. Other non-violent felonies should be considered. Also, the Office should consider partner with local organizations like MEDA.

Commissioner Yee-Riley thanked the presenters.

Commissioner Adams would like to further explore cannabis tourism and opportunities there as well as exploring opportunities to find establishments to consume cannabis.

Commissioner Tour-Sarkissian asked for further explanation for how applying for a temporary permit may put an existing permit in jeopardy. Ms. Elliot clarified that State will issue licenses, a permit they didn't have to get before. MCDs have permits to operate in collectives. If they want to do commercial activity, not

contemplated under article 33, they will need the appropriate permit. New requirements may go beyond what was previously required.

Commissioner Dooley noted that clustering may become a huge issue should the legislation move forward as is. The majority of San Francisco seems that it would not be able to host a cannabis retail establishment. Mr. Starr clarified that most of San Francisco is already residential.

Commissioner Dwight thanked the presenters and the commenters. He shared that he'd like to see further presentations on more specialized topics.

6. **Director's Report. (Discussion Item)**

Director Dick-Endrizzi offered brief remarks on the a future planned retreat which will be pushed back due to legislative priorities.

No members of the public requested to speak.

7. **Commissioners' Reports. (Discussion Item)**

Commissioner Yee Riley has been working with possible legacy business applicants in Chinatown and encouraging them to apply.

No members of the public requested to speak.

8. **New Business. (Discussion Item)**

Commissioner Zouzounis inquired as to whether or not there would be a way to get a seat on the cannabis task force.

No members of the public requested to speak.

9. **Adjournment. (Action Item)**

Motion: Commissioner Ortiz-Cartagena motioned to adjourn.

2nd: Commissioner Adams.

Aye: 7

Nay: 0

Motion passed: 7-0.

Meeting was adjourned at 4:31pm.