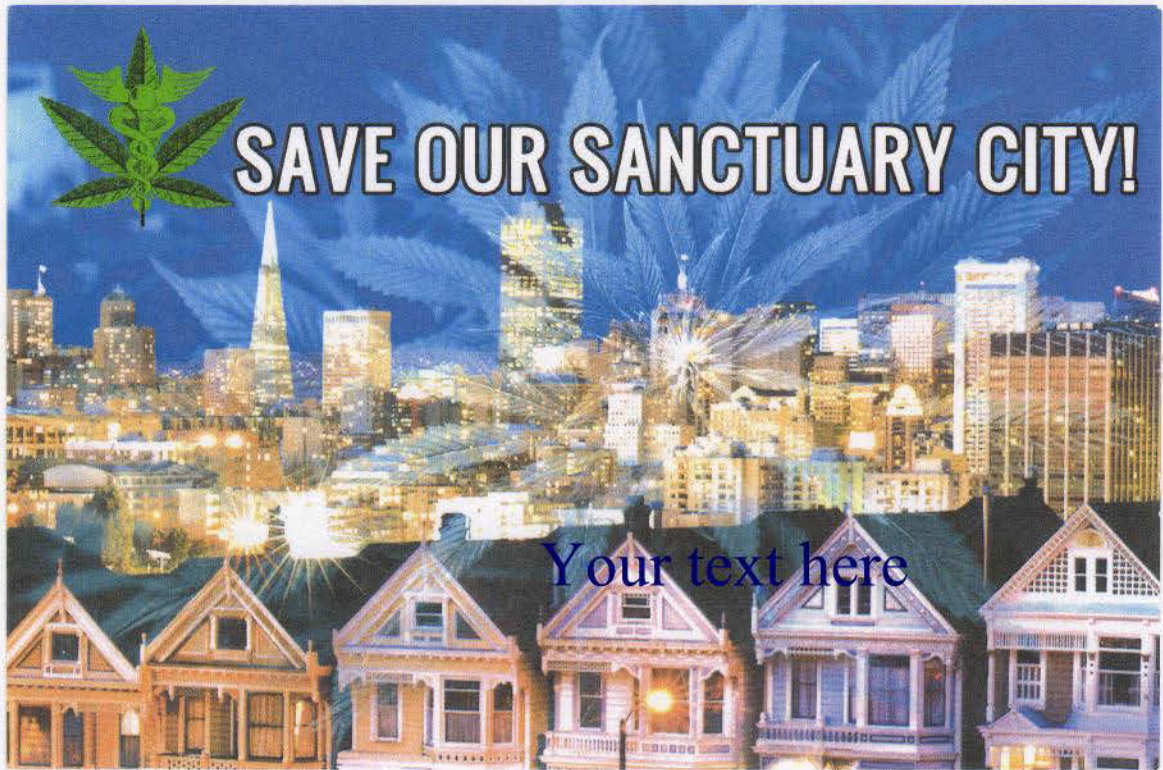


Final Committee Report of the Medical Cannabis Task Force of
The City And County of San San Francisco
2012-2013



From: Legal Committee of the Medical Cannabis Task Force

To: Medical Cannabis Task Force

December 2012 – Legal Committee Update and Impact Report

INFORMATION

The purpose of this memorandum is to provide the Medical Cannabis Task Force of the City and County of San Francisco an update for the calendar year of 2012. The Legal Committee of the Medical Cannabis Task Force was charged with analysis of some of the legal issues impacting the San Francisco medical cannabis community. The Legal Committee has determined that the most significant impact to this local community in the past year has come as a result of the Notice of Forfeiture letters sent by the United States Attorney of the Northern District of California to the landlords of Medical Cannabis Dispensaries (MCDs) in the City and County of San Francisco. This memorandum is presented in the form of an Impact Report, focusing on the impact of the closure of permitted MCDs on the San Francisco medical marijuana community.

NOTICE OF FORFEITURE LETTERS

In October of 2011, the United States Attorney for the Northern District of California began issuing notice of forfeiture letters to landlords for MCDs that were permitted by and located in the City and County of San Francisco. These letters threatened the property owner with potential property forfeiture and criminal prosecution if they allowed their tenant to continue operating an MCD at that location.

Of the seven dispensaries that closed in the end of 2011 and the year 2012, all seven closed as a direct result of threatened federal action.

IMPACT OF MCD CLOSURES

In October of 2011, there were 26 permitted Medical Cannabis Dispensaries in the city. As of the end of 2012, there were 19 remaining MCDs and a newly permitted MCD.

A total of seven (7) brick and mortar MCDs permitted by the City and County of San Francisco closed as result of the threats made by the federal government. These seven MCDs had in excess of 100,000 registered patients and were distributed throughout the city. These dispensaries include, Divinity Tree from the Tenderloin, Hope Net from Soma, Market Street Cooperative from Upper Market, Medithrive from the Mission, Mr. Nice Guy from the Mission, Sanctuary from the Tenderloin, Vapor Room from the Haight and 208 Valencia Café from the Mission.

A survey of these closed MCDs reflects that hundreds of full and part-time jobs, many of which included medical benefits, were lost as a direct result of the closure. These MCDs also provided services to their patient members. These services included: patient support groups, peer counseling, legal counseling, massage, acupuncture, food and clothing donations, low cost and free medicine, as well as donations to other non-profit service providers.

These closures changed the accessibility to medical cannabis by reducing the number of available outlets as well as increasing travel time for patients wishing to use their services. Geographically, zip code 94102 (Hayes Valley, Tenderloin, North of Market) went from one MCD to zero; 94109 (Nob Hill, Russian Hill) went from three MCDs to one; 94117 (Haight/Ashbury & Cole Valley) went from three MCDs to two; 94103 (South of Market) went from eleven MCDs to eight. Viewing this by Supervisorial District, District 8 went from five MCDs to three, District 5 went from three MCDs to two, District 9 went from four MCDs to three, and District 6 went from eleven MCDs to eight.

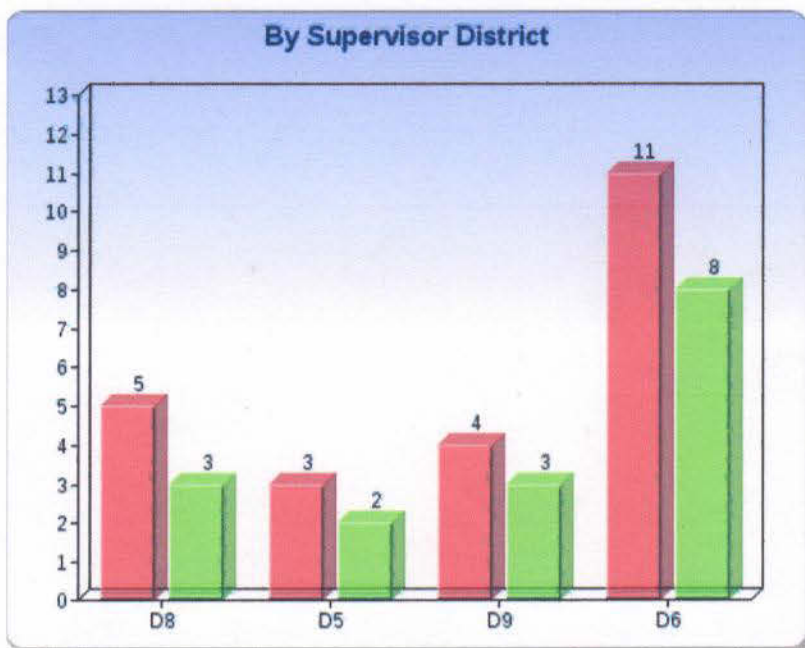
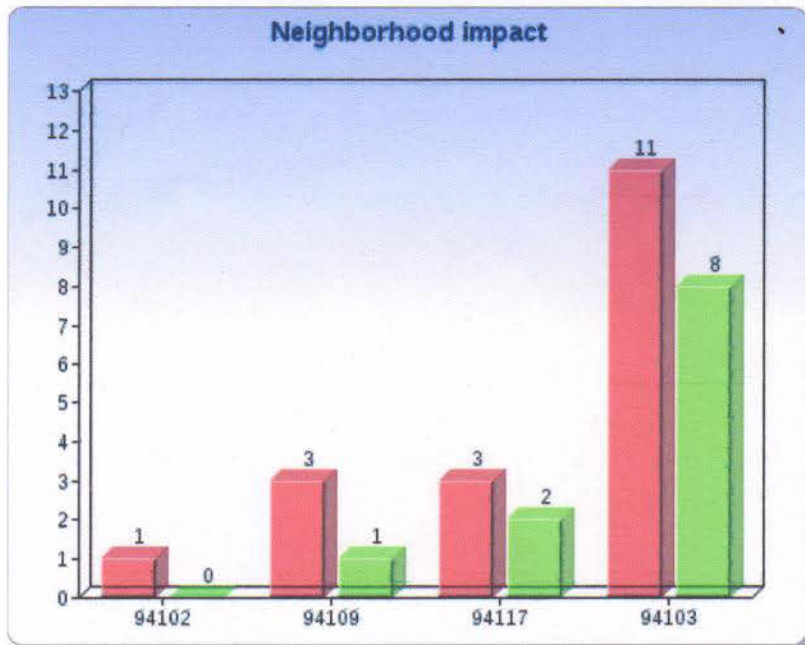
San Francisco has an 8.5 percent sales tax rate, coming from a combination of the state's 7.25 percent sales tax with a local one percent sales tax that goes to San Francisco's general fund, and a .25 percent sales tax. San Francisco's roughly two dozen permitted clubs must pay the 8.5 percent sales tax, which is then reported to the controller's office. According to the San Francisco Controllers Office, for the most recent reporting period which ended with the third quarter of 2011, a year's worth of general fund revenue from the sales tax on medical marijuana totals "just over \$410,000." With seven fewer MCDs the City and County of San Francisco will see a reduction in this revenue.

Neighborhood	Postal Code	MCDs 1y ago	Closed MCDs	Current MCDs
Hayes Valley, Tenderloin, North of Market	94102	1	1	0
South of Market (SoMa)	94103	11	3	8
Financial District	94104	0	0	0
Embarcadero (south) & SoMa	94105	1	0	1
Potrero Hill	94107	0	0	0
Chinatown	94108	0	0	0
Nob Hill, Russian Hill	94109	3	2	1
Mission, Bernal Heights	94110	3	0	3
Embarcadero, Barbary Coast	94111	0	0	0
Ingelside-Excelsior	94112	1	0	2
Castro, Noe Valley	94114	1	0	1
Pacific Heights, Western Addition, Japantown	94115	0	0	0
Outer Sunset	94116	0	0	0
Haight Ashbury & Cole Valley	94117	3	1	2
Inner Richmond	94118	1	0	1
Outer Richmond	94121	0	0	0
Inner Sunset	94122	0	0	0
Marina, Cow Hollow	94123	0	0	0
Bayview	94124	0	0	0
St. Francis Wood, West Portal	94127	1	0	1
Presidio	94129	0	0	0
Twin Peaks, Glen Park	94131	0	0	0
Lake Merced	94132	0	0	0
North Beach, Fisherman's Wharf	94133	0	0	0
Visitacion Valley	94134	0	0	0
By San Francisco Supervisorial District:	D1	1	0	1
	D2	0	0	0
	D3	0	0	0
	D4	0	0	0
	D5	3	1	2
	D6	11	3	8
	D7	1	0	1
	D8	5	2	3
	D9	4	1	3
	D10	0	0	0
	D11	1	0	2

In order of neighborhood impact:

94102 (Hayes Valley, Tenderloin, North of Market) went from one MCD to zero. 94109 (Nob Hill, Russian Hill) went from three MCDs to one. 94117 (Haight Ashbury & Cole Valley) went from three MCDs to two. 94103 (South of Market (SoMa)) went from eleven MCDs to eight.

By Supervisor District, D8 went from five MCDs to three, D5 went from three MCDs to two, D9 went from four MCDs to three, and D6 went from eleven MCDs to eight.



Patient Advocacy Committee
 Medical Cannabis Taskforce
 Final Report Jan. 2013

Equitable Safe Access barriers in our 'Safe Haven' city for Medical Cannabis

In San Francisco, to date, we do not have anything placed in law to assure that the medical cannabis needs are met for disabled and terminally ill patients living in poverty. When one loses their health, they often lose their ability to secure a gainful income.

San Francisco is considered a 'city of refuge' for many seeking services and support that is inaccessible elsewhere in America. This includes the healthcare option of access to safe, legal, medical quality cannabis.

Sadly, many find that they are locked out of our city safe access framework, simply because they cannot afford market rate cannabis. Regulations should be inclusive, equitable and make special considerations to guard the safe access of vulnerable populations.

Suggested Policy / post re-elect of President Obama

- 1] Re-enter the Mirkarimi 'non' binding resolution regarding compassionate care/ free medical cannabis to those in need, as binding.
- 2] Acknowledge alternative models of care that are not non-profit retail business with a 'storefront.' Via a directors hearing of the health department. To not be punitive of low-income patient collectives serving more than nine, 'bring to scale' with adjustment or fee waiver.
- 3] Establish tax credit for city permittees that donate to hospice/urgent care at Laguna Honda, ward 86, homebound terminally ill, mental health facilities and our city jails.
- 4] Alert development companies active in our city, that by ordinance/law we are a sanctuary status city and cannot and will not assist in any eviction based solely on legal medical cannabis use, via our sheriff department nor local tenant law.
- 5] Include a pilot program for medical cannabis in Healthy SF program.

Emergency Safe Access Plans

Emergency safe access plans! were one of the demands, by our committee on our postcard petition drive to our federal representative Nancy Pelosi. Our committee delivered over four thousand signed postcards from SF district voters. We successfully worked with Rep. Pelosi chief aide Mr. Dan Bernal to have Rep. Pelosi come out on a national level against the crackdown by DOJ on the day we delivered our postcards in support for emergency safe access.

Make public space available to:

- a] Federally shuttered MCDs to serve their patients needs - having another new business open does not, in any way, replace the care that these community based organizations provided their membership.
- b] Establish 'on-site' medicate spaces for residences of our Tenderlion district who have due to DOJ letters lost all safe access points. District Six holds the highest population per cap of people living with HIV/AIDS and other disabilities in America. Also consider Hunterspoint/Bayview, where development companies have threatened to render disabled residents homeless if they refuse to sign leases for

low-income housing which deny them the right to use legal medical cannabis in their own home. Our city has no public safe access points in this district .

c] Provide public land for charity based cultivation projects as supported overwhelmingly by San Francisco voters on Prop S.

suggested ''next steps'' as taskforce has sunset

In closing, our committee, has some heartfelt suggestions for next steps at the sunset of the medical cannabis taskforce. We feel that amidst many obstacles our taskforce has answered its original charges to advise, and addressed the crackdown by DOJ as well.

Now the question remains, how to implement our advice into sound public policy? We do not recommend reinstatement of current enabling legislation. We agree separate paths - will secure greater success for all.

There needs to be adherence to our own advice of taking our disputes to community boards/neutral mediation services to avoid negative public exposure during a crisis and not alienate our allies in City Hall, who supported the taskforce to gain balanced input from all aspects of safe access communities and businesses.

Patient advocates, city permittees, policy/legal/medical advisors who are able & desire to collaborate on the implementation of policy to benefit low-income patients and their providers request to work with our city's health department & commission, Mayor's office of Disability and the Veterans commission to vet policy with professionals in healthcare, disability access and civil rights.

We have interest in gaining support of City Hall to have a seat on the Mayor's Disability Council for a low-income patient advocate. We also encourage the creation of a medical cannabis chamber of commerce for city permittees, and think a seat for a city permittee on the small business commission could be positive step forward.

The patient advocates input must be prioritized by our city first and foremost. Safe access was supported by the voters during the AIDS crisis and yet we still struggle for impact to the laws that govern our healthcare .

We want to thank Supervisor David Campos for his sponsorship of the taskforce, where low-income patient advocates and a low-income cultivation expert, were given voting powers as city stakeholders in safe access.

Compassion+action=life

San Francisco Medical Cannabis Task Force Cultivation Committee Annual Report

Introduction

Cannabis is Safe and Effective, but Remains Unaffordable

Medical cannabis is legal in California, yet the wholesale and retail market prices **actually rose** dramatically in the years following passage of Proposition 215, with the climax occurring in Southern California between 2005 and 2007. Even now, in 2012, retail prices in Northern California hover around 50 dollars for one eighth ounce, with slightly lower numbers in San Francisco. When purchased by the ounce, which many San Franciscans can not afford to do, pricing drops only marginally to \$350. In anticipation of Proposition 19 the Rand Group produced a comprehensive report predicting a post measure price drop to a mere \$38¹ per ounce. Although the eventual price level can be debated, it is plainly obvious that the medical cannabis market still behaves as if medical cannabis is a prohibited substance, failing to realize its potential as a natural, unpatentable, cheaply produced horticultural commodity.

Whereas...

Every American is Constitutionally guaranteed the right to life, liberty, and the pursuit of happiness.

Health and happiness are inextricably related.

The worldwide scientific community has largely achieved consensus that cannabis is therapeutically effective and safe.

The Rand Report predicts an equilibrium market value of 10% of the current prevailing price.

The extent to which prices remain artificially inflated can be considered a metric, perhaps the most important metric, for measuring the success of local efforts to remove barriers to medical cannabis access.

The tenfold price inflation is by far the predominant consequence born by each and every consumer of medical cannabis. It is worth noting that 175,676 (63.6%²) San Franciscans voted to legalize commercial cultivation and sale of cannabis for adult use under Proposition 19.

We propose that all possible measures for restoring an affordable medical cannabis market price should be seriously considered.

¹ Kilmer, Beau. *Altered State? Assessing How Marijuana Legalization in California Could Influence Marijuana Consumption and Public Budgets*, p. 35.
http://www.rand.org/content/dam/rand/pubs/occasional_papers/2010/RAND_OP315.pdf

² <http://sflections.org/results/20101102/>

Causes of Medical Cannabis Price Inflation

Every cause of medical cannabis price inflation involves a blend of direct costs, economic or otherwise, with an intimidation related factor. Laws that intimidate personal users should be considered at least as relevant as those aimed to discourage cultivation and sale, because they silence a vast sea of individuals (including non-medical adult users) who are privately opposed to the continuation of prohibitionist policies. The justifiable fear of openly discussing cannabis usage (and openly trading in it) fuels an underground economy, depriving individuals of the benefits of free market trade and quality health and safety related information.

Group 1: Costs to Individual Users and their Families

- 1) Loss of child custody
- 2) Loss of employment
- 3) Loss of benefits:
 - a) Housing
 - b) Education
 - c) Veterans' benefits

Group 2: Costs to Producers and Distributors

- 4) Burdensome permitting processes
 - a) Resource intensive
 - b) Uncertain outcome
 - c) Unnecessarily long duration
- 5) Incarceration
- 6) Private property seizure and/or destruction
- 7) Court costs

Group 2 costs are relevant when targeting price reduction as a policy objective. Item 4 functions as a nearly insurmountable barrier, dramatically restricting entry by enough market participants to relieve the severely inflated retail price. Items 5 through 7 also serve to discourage production and distribution related involvement, however they are distinct from item 4 in that they are punishment generally reserved for those who have been unable to secure permits. Because permit processes in California are usually unavailable or impossible to satisfy the conditions of, producers and distributors find themselves bound by a lack of options. This lack of clean options perpetuates the cost laden market conditions that have persisted through 16 years of legal medical cannabis use in California.

Two Policy Recommendations

Our policy recommendations both serve the same purpose. They recognize that price reduction is not likely to be achieved through policies restricting market participation. They also recognize that large entities require larger amounts of cannabis product and plants, attracting federal attention, and inspiring stiff sentencing. Ultimately, both aim to build a cottage cannabis community/industry offering truly affordable access, and featuring resilience to federal action.

#1: Create a zip tie program modeled after Mendocino County's

Although San Francisco's Public Health Article 33 supports small collective cultivation, these collectives and their members are often subjected to arrest, property seizure, and court costs. Mendocino County has developed a remarkably successful program that allows fast, accurate identification of plants belonging to legitimate medical cannabis users. Although the federal government successfully forced the Mendocino County Supervisors to repeal the larger scale commercial production licensing, the Mendocino Sheriff's office continues to issue zip ties to individuals. The program generates funds, unburdens law enforcement, and requires a bare minimum of administrative support. A key feature, like the former SFDPH ID card program, is that it protects individual privacy. Please see our attached version of their informational sheet, modified for compatibility with San Francisco's Medical Cannabis Act of 2005 (Article 33). A sample registration form is also included.

#2: Limit the duration of the MCD application/approval process, and expand the green zone.

Whereas the City may have an interest in vetting collectives wishing to apply for an MCD permit, the certainty of tangling with a 2-3 year process (and sustaining significant costs for that duration) prevents the vast majority of people from applying. We propose a limit of 6 months. Furthermore, appeals should be limited or disallowed, and the green zone should be significantly expanded. State law requires only 600 foot distancing from schools, and the leveraging of federal 1000 foot limitations has simply been one feature of a broad campaign to cripple state and city legal efforts. Interference with legally permissible medical cannabis acquisition in private spaces should be viewed as inconsistent with Constitutionally guaranteed rights and basic human dignity. With at least 100 pharmacies and countless liquor stores, bars, and other alcohol serving establishments within city limits, is it possible to justify the presence of only 20 or so medical cannabis dispensaries? Would the federal government have successfully shut down one third of San Francisco's licensed establishments if the original number had been 300?

Further Considerations

As fees for medical cannabis recommendations range as low as \$50 in San Francisco, it may seem surprising that the majority of medical cannabis users do not acquire product through licensed MCD's. Especially at this time of year though (December 2012), it simply costs less to go elsewhere. Whereas the City and State are now successfully capturing a fraction of the high dollar value associated with cannabis sold through licensed establishments, this segment of the population is only a thin slice of the total medical cannabis market, not to mention the adult use ("recreational") segment. Although per unit tax revenues would be decreased by more competitive retail pricing, this could easily be offset by increased volume of sales through expanded licensing of regulated collectives. Conversely, excessive taxation would drive consumers back into the grey medical market, unless accompanied by a corresponding reduction in price derived from relieving restrictions on sanctioned dispensation. Essentially, it is our view that the people of the City and County of San Francisco experience the greatest benefit from limited market interference creating downward pricing pressure and enabling reasonable taxation of the largest percentage of the population possible. We do not find taxation to be objectionable, simply because the "taxes" imposed on medical cannabis production and dispensation at this time are astronomically high, yet are not recognized as such because they are nominally identified as property seizure and court costs.

In Closing

The mandate issued to the San Francisco Medical Cannabis Task Force is that every appointee is required to represent the City, placing his interests above those of the identity group of which he or she is a member. For the purposes of this report we interpret "the City" to mean all people living or working in the City and County of San Francisco, regardless of race, gender, age, income level, or sexual orientation. The members of the Cultivation Committee hope that the information, perspective, and advice presented will support a better quality of life for all San Franciscans, those benefiting from medical cannabis and otherwise.

To: The MLTF

From: The MLTF Veterans Committee

Report Submitted By: Acting Chairpersons Sandra Bacon

On behalf of the Veterans Committee we would like to say thank you & the MCTF for hearing our concerns and needs. We would really like it, if we can have our Task Force:

We veterans past and present are not being treated in the manner of respect that we are due serving our U.S.A in every country in the world and even in space.

We don't have any base past any real help. But pain and suffering there are over 110,000 homeless, Veterans 100,00 are alcoholics, and drug addicts or psych medications for PTSD. Agent Orange, but you can lose everything money, housing, faith&health because we can't use medical cannabis. Even though on a global level in countries such as Israel medical cannabis is being studied by the military for relieving of PTSD associated with combat.

With the understanding of these obstacles, our board of supervisors **Passed** a non-binding resolution, authorized by Mirkarimi and developed by local advocates of Axis of Love. In 2007 in San Francisco to promote reasonable discounts for veterans at city permitted MCDs.

A discounted price on the market rate medical cannabis has not been proven helpful to low income veterans who cannot afford their medicine.

Therefore the veterans committee resolved that veterans who cannot afford their medical cannabis should be assisted by their city permitted collective to receive compassionate care/free medical cannabis at least once a week. Currently, only a handful of collectives and cooperatives have support groups and/or offer compassionate services to veterans. Which includes Vapor room, Re-Leaf, Waterfall Wellness, Bernal Heights, Green Door, Hope Net Co-Op.

The veterans committee supports each city permitted MCD to provide these services for low income veterans at no charge, in respect those that have fought and served for our freedoms, not with standing medical cannabis freedoms.



CHR. DUNN/TPA



**Patients
before Profit!**