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Office of the City Manager  
Deborah A. Edgerly  
Interim City Manager

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October 28, 2003

Hon. Larry Reid, Chairperson, and Members  
Oakland City Council Public Safety Committee

Re: Recommendations of the Medical Cannabis Working Group pertaining to the  
“City of Oakland Policy Regarding Entities that Dispense Cannabis”

Chairperson Reid and Members of the Committee:

As the Public Safety Committee directed, the Medical Cannabis Working Group met to consider recommendations for amendments to the policy. Their report is attached.

In addition, having reviewed the Working Group’s report, I am forwarding additional recommendations from my office.

Respectfully submitted,

A handwritten signature in cursive script that reads "Deborah Edgerly". There are some initials or marks below the name.

Deborah Edgerly  
Interim City Manager

6  
PUBLIC SAFETY CMTE.

OCT 28 2003

**CITY OF OAKLAND**  
**AGENDA REPORT**

TO: Office of the City Manager  
ATTN: Deborah Edgerly  
FROM: Office of the City Manager  
DATE: October 28, 2003

**RE: A FOLLOW-UP REPORT FROM THE CITY MANAGER  
PROVIDING RECOMMENDATIONS OF THE MEDICAL  
CANNABIS WORKING GROUP PERTAINING TO THE “CITY  
OF OAKLAND POLICY REGARDING ENTITIES THAT  
DISTRIBUTE CANNABIS”**

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**BACKGROUND**

On September 23, 2003, the Public Safety Committee received a report from the City Manager on the growing number of medical cannabis entities in the City of Oakland. The City Manager made the following recommendations: 1) proposed regulatory conditions for medical entities based upon the conditions the City imposed on the Oakland Cannabis Buyers' Cooperative when the City designated the Cooperative to administer the City's medical cannabis distribution program; and 2) recommended amendment of the ordinance (Chapter **8.46** of the Oakland Municipal Code) whereby the City Manager may designate only one (1) medical cannabis entity to administer the City's medical cannabis distribution program. (The current ordinance gives the City Manager discretion to designate **one or more** entities to administer the program.) After hearing from staff and the public, the Committee directed this matter to the Medical Cannabis Working Group for consideration and recommendations.

The Medical Cannabis Working Group is comprised of representatives from the medical cannabis community, Oakland Police Department, City Manager's Office, and other City officials. Representatives from the City Attorney's Office attended the meetings and provided legal advice to the Working Group. The Working Group met on October 1&3, 2003 and consensus **was** reached on revisions of the proposed conditions relating to **insurance, business license and payment of taxes, screening of medical cannabis patients and primary caregivers, security, loitering, and smoking inside of medical cannabis facilities**. Further the Working Group agreed to delete proposed conditions pertaining to **hours of operation, background investigation of employees, indemnification, independent contractor, use of illicit drugs and alcohol, inspections, providing reports and information, and auditing of medical cannabis entities**. The

Item: 6  
Public Safety Committee  
October 28, 2003

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changed conditions have been incorporated into the attached "City of Oakland Policy regarding Entities that Dispense Cannabis."

The Working Group also reached consensus regarding recommendations to create a complaint based process to resolve complaints pertaining to entities that dispense cannabis, and to exempt any Medical Cannabis Provider Association(s) that the City Manager designates to administer the City's distribution program (currently the Oakland Cannabis Buyers' Cooperative is the only Medical Cannabis Provider Association that the City Manager has designated) from any City Council policy determination that limits the number of medical cannabis entities in the City of Oakland. The Working Group did not reach consensus on whether to limit the number of medical cannabis entities that dispense cannabis in the City of Oakland. The recommendations of the Medical Cannabis Working Group are as follows:

### RECOMMENDATIONS

- A. That all complaints against medical cannabis entities initially be referred to a Committee comprised of five (5) members of the Medical Cannabis Working Group for resolution, and to City Manager for final resolution if the complaint is not resolved within 30 days.

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Complaints against medical cannabis entities shall be referred to a 5-member committee of the Medical Cannabis Working Group designated by the City Manager for review and resolution within 30 days of referral. If the committee is able to resolve the complaint, it should notify the City Manager of its decision within 30 days. If the committee is unable to resolve the complaint, it should be referred back to the City Manager's Office for resolution. The City Manager shall review the complaint, and make his/her determination within 30 days of the referral from the committee. The Decision of the City Manager or his/her designee is final.

- B. Limits on the Number of Medical Cannabis Entities in Oakland

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The Working Group could not reach consensus on this issue. The Committee considered the fact that there are 7-11 medical cannabis entities currently in the City of Oakland. Further they noted that the Oakland Cannabis Buyers' Cooperative has approximately 20,000 medical cannabis members, and 3000 of these members are Oakland residents. Additionally, the Working Group was informed that a medical cannabis entity could effectively serve a maximum of **125-200** medical patients and primary caregivers per day.

Presented below are recommendations submitted by Working Group members and the public:

Item: 6  
Public Safety Committee  
October 28, 2003

1. That no more than five (5) medical cannabis entities be allowed in Oakland. Rationale: The allowance of five (5) medical cannabis entities that distribute cannabis would ensure that Oakland has enough dispensaries to handle the demand from a patient base comprised of 3000 Oakland patients and 20,000 registered with the Oakland Cannabis Buyers' Cooperative.
2. That no more than five (5) medical cannabis entities be allowed in the Central Downtown Business District. Rationale: The rationale is the same as in number 2 above. However, this recommendation also would control the proliferation of medical cannabis entities in the Central Downtown Business District.
3. That three (3) medical cannabis entities be allowed in the Central Downtown Business District and one (1) medical cannabis entity is allowed in each Police Area (Area I, II, and III). Further that the medical cannabis entities be at least 1000 feet away from each other, unless a BART station is located within 1000 feet. Rationale: By limiting the medical cannabis entities to three in the downtown area, this would control the proliferation of such entities in the downtown area. Further the concentration of medical cannabis entities is regulated by the requirement that they be 1000 feet apart from each other. The only exception is when the medical cannabis entities are located within 1000 feet of a BART station. This exception is made as many medical patients and their primary caregivers use BART for transportation. Additionally, by allowing one medical cannabis entity in each of the three police areas (I, II, and III), over-concentration in one area is controlled and medical cannabis patients and his/her primary caregiver may go to the entity located in his/her neighborhood.
4. That six (6) medical cannabis entities be allowed in Oakland. Rationale: The same rationale as reflected in number 1 above.
5. That thirteen (13) medical cannabis entities be allowed in Oakland: 7 in the Central Downtown Business District, and one (1) in each of the six Council Districts. Rationale: That Oakland should regulate the existing medical cannabis entities, but allow them to operate and serve the increasing number of medical patients in Oakland and throughout the state. The proliferation issue is addressed and controlled by limiting the number of entities in the downtown area to seven (7). Further by allowing one medical cannabis entity in each Council District, you provide service to medical patients in their neighborhood and ensure that adequate medical cannabis entities exist to meet the expected growth of medical cannabis patients.
6. That fifteen (15) medical cannabis entities be allowed to distribute cannabis in the City of Oakland. Rationale: In the past five years, the number of medical patients has increased ten-fold, as doctors have become more knowledgeable about the medicinal properties of cannabis and more willing to make recommendations. The City of Oakland should leave room for the number of dispensaries to grow in the future. The City of Berkeley, which has one-fourth of Oakland's population, has 4-5 medical entities that distribute cannabis. It was also noted that the San Francisco has approximately 18 medical entities that distribute cannabis. Oakland has been a longtime supporter of Proposition 215

Item: 6

Public Safety Committee  
October 28, 2003

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- and the desire to provide safe and affordable medical cannabis to qualified patients. By allowing several medical cannabis entities to exist in relatively close proximity, medical cannabis patients may conveniently purchase the most affordable cannabis and have a wider selection from which to choose from.
7. That no limit be imposed on the number of medical cannabis entities, but the city should impose and oversee regulatory conditions. Rationale: The issue confronting the City is not the number of medical cannabis entities, but the lack of oversight or control over such entities. The medical cannabis community agrees with the City that oversight is needed over medical cannabis entities that distribute cannabis. The proposed policy contains standards that medical cannabis entities must meet in order to distribute cannabis. If the entity fail to meet the standards reflected in the proposed policy, the entity will not be allowed to distribute cannabis. The policy alone will help regulate the medical cannabis industry, and no limit on the number of medical cannabis entities is required. It is expected that more medical patients will exist in the upcoming years based upon the growth of medical patients from 1998 to the present.
  8. If the Council decides to limit the number of medical cannabis entities, consideration should be given to: a) compliance factors, b) how long the entity has been operating, and c) grandfathering.
- C. That any Medical Cannabis Provider Association(s) designated by the City Manager be exempted from any City Council policy determination that limits the number of entities that distribute cannabis.

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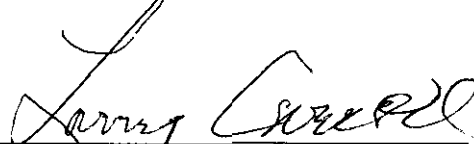
The Working Group recommended that any Medical Cannabis Provider Association designated by the City Manager to administer the City's distribution program be exempt from the Council's determination limiting the number of entities that distribute cannabis within the City of Oakland. Presently, the Oakland Cannabis Buyers' Cooperative is the only Medical Cannabis Provider Association that the City Manager has designated. Rationale: Although it has not distributed medical cannabis since 1998 because of federal intervention, an appeal is pending in the federal courts. Should the Oakland Cannabis Buyers' Cooperative be successful in its appeal, it would like to resume distribution of medical cannabis in the City of Oakland. This exemption would allow the Oakland Cannabis Buyers' Cooperative to do **so**.

The Medical Cannabis Working Group fully supports the goal of providing safe and affordable medical cannabis to qualified medical cannabis patients and their primary caregivers. The Working Group also wants the City to provide standards for the medical cannabis entities, and the attached "City of Oakland Policy regarding Entities that Distribute Cannabis" will accomplish this goal.

The City Attorney's office will advise the City Council of any legal ramifications of the Medical Cannabis Working Group's proposals under separate cover.

Item: 6  
Public Safety Committee  
October 28, 2003

Respectfully submitted,



LARRY CARROLL

Prepared by: Larry Carroll  
Administrative Hearing Officer  
City Manager's Office

Attachment: "City of Oakland Policy for Entities that Distribute Cannabis"

## CITY OF OAKLAND

### POLICY REGARDING ENTITIES THAT DISPENSE CANNABIS

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- A. Insurance: That all medical cannabis entities shall procure and maintain for the duration of their existence, liability insurance in the amount of \$1,000,000.00.
- B. Reports. Information: Medical cannabis entity shall provide all reports and information reasonably requested by the City and shall immediately advise the City Manager of any complaints communicated to the medical cannabis entity, its directors, agents, and/or employees and of any contacts by law enforcement personnel **or** agencies.
- C. Participation in Complaint Resolution Process: Medical cannabis entity shall participate in the resolution of complaints pertaining to its operation by cooperating with the City Manager and/or a Medical Cannabis Working Group Committee designated to resolve such complaints.
- D. Business License and Payment of Business Taxes: Medical cannabis entity shall obtain and maintain a current City of Oakland business license tax certificate and timely pay all required City business taxes.
- E. Non-Discrimination: Medical cannabis entity shall not discriminate or permit discrimination against any person **or** group **of** persons in any manner prohibited by federal, state or local laws. Medical cannabis entity shall not discriminate against any employee, applicant, patient, primary caregiver, contractor, supplier, or other person supplying goods or services because **of** gender, sexual orientation, race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex, **or** disability.
- F. Screening of Patients: Medical cannabis entity shall accept only medical cannabis patients and primary caregivers with identification cards issued by the Oakland Cannabis Buyers' Cooperative **or** a governmental entity using the following verification process: 1) **Inspection** of a written recommendation **or** approval for medical cannabis from a licensed physician, unless the patient obtains an **oral** recommendation or approval; 2) Personal contact with the physician or the physician's agent to verify the recommendation or approval; and 3) Verification of the patient's identity and primary caregiver's identity with a California state issued identification.
- G. Issuance of Medical Cannabis Identification Cards to Minors: Minors shall be issued medical cannabis patient cards **only** with a recommendation from a licensed physician and consent or approval of a parent **or** legal guardian.
- H. Security: **All** medical cannabis entities that distribute medical cannabis shall have adequate security to ensure patient safety, and monitor loitering, littering, and other nuisance activities outside of the facilities. A minimum of one (1) state-licensed and Oakland registered Private Watchman shall be on duty during

operating hours. Additional security personnel may be required if public safety factors warrant.

- I. Loitering and Smoking: That the security personnel hired by the medical cannabis entity shall monitor and control loitering and smoking outside of the facility.
- J. Loitering by Friends Outside of Medical Cannabis Facilities: Medical patients and primary caregivers should discourage friends from waiting for them outside of the front door of the medical cannabis facility to assist in the abatement of loitering.
- K. Loud/Excessive Noise: Medical cannabis entity shall ask all qualified patients, primary caregivers, and other persons appearing at the facility not to make loud and excessive noises that disturb the peace and quiet of the general public or neighboring tenants or businesses. Medical cannabis entity shall take immediate action to abate noise nuisances created by qualified patients or primary caregivers or other persons appearing at the facility.
- L. Prohibition on Purchases for Non-Medical Patients: Cannabis may be purchased only by a qualified patient or his/her primary caregiver, and only for medical use by the qualified patient in question.
- M. Limit of Medical Cannabis Purchased: The procurement of cannabis is limited to  $\frac{1}{4}$  ounce (7 grams) per day, unless the medical cannabis patient or his/her primary caregiver lives outside of the Bay Area and makes no more than one visit to the medical cannabis entity per week. A medical cannabis patient or his/her primary caregiver may purchase cannabis from a medical cannabis entity only once daily.
- N. Smoking: Smoking shall be allowed inside **of** the medical cannabis facility if the facility has its own separate heating, ventilation, and air-conditioning system. If the facility shares the heating, ventilation, and air-conditioning system with other tenants in the building, smoking shall be allowed only if the facility creates a separate heating, ventilation, and air-conditioning system. Smokefree areas within the facility should be created for medical cannabis patients that are allergic to smoke.
- O. Compliance with the Americans with Disabilities Act and California Disability-Related Anti-Discrimination Laws: Medical cannabis entities shall comply with the Americans with Disabilities Act and the California Fair employment and housing Act's ("FEHA") disability-related provisions.

The above policy may be revised by the City Manager at his/her discretion.



**CITY OF OAKLAND**  
**AGENDA REPORT**

TO: Public Safety Committee  
FROM: Office of the City Manager  
DATE: October 28,2003

**RE: A FOLLOW-UP REPORT FROM THE CITY MANAGER  
PROVIDING RECOMMENDATIONS OF THE MEDICAL  
CANNABIS WORKING GROUP PERTAINING TO THE  
“CITY OF OAKLAND POLICY REGARDING ENTITIES  
THAT DISTRIBUTE CANNABIS”**

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Attached is the Follow-Up Report providing recommendations of the Medical Cannabis Working Group pertaining to the “City of Oakland Policy Regarding Entities That Distribute Cannabis.” After reviewing the policy and the standards contained therein, staff submits the following additional recommendations:

**ADDITIONAL RECOMMENDATIONS**

1. Operating Hours: That entities that distribute cannabis operate daily from 7:00 a.m. to 8:00 p.m. Rationale: Presently, there are 7-11 entities that distribute cannabis operating in the downtown area. It appears that most of these entities close at 8:00 p.m. or earlier, and there are no adverse impacts on police resources. However, without a standard pertaining to operating hours, some or all of these entities could extend their operating hours. The extended operating hours could create possible adverse impacts on police resources that currently monitor sideshow activities and cabarets in the downtown area. By creating this standard, the City will eliminate these potential adverse impacts by ensuring that several hundred additional medical patients and primary caregivers are not in the downtown area during late night hours.
2. Background Investigations: That entities that distribute cannabis conduct background investigations of all employees, except those that medical cannabis patients, to ensure that no persons with criminal convictions are hired as employees. Rationale: To ensure the safety of the medical patients, their primary caregivers, employees of the entities that distribute cannabis, and the general public, entities should not hire employees with criminal convictions. The involvement of employees with criminal convictions in the distribution of

Item: 6  
Public Safety Committee  
October 28,2003


cannabis also creates a high level of temptation and opportunity to engage in unlawful acts. By not having employees with criminal convictions, the temptation and opportunity for unlawful conduct is primarily removed, and the safety of medical patients and employees is enhanced.

3. Prohibition of ABC Licenses and Operation of Businesses that Sell Alcoholic Beverages: That entities that distribute cannabis shall not hold or maintain a license from the State Department of Alcohol Beverage Control to sell alcoholic beverages, or operate a business that sells alcoholic beverages. Rationale: Businesses that sell alcoholic beverages often have substantial adverse impacts on surrounding businesses and police resources. Currently, the City maintains oversight over retail and other businesses that sell alcoholic beverages through the “Deemed Approved” program, which is administered by the Oakland Police Department’s Alcoholic Beverage Action Team (ABAT) and the City Planning Department of the Community & Economic Development Agency. Entities that distribute cannabis should not be allowed to combine the purchase of medical cannabis with the sale of alcohol. This standard would help prevent potential adverse impacts on police resources and the safety of medical patients and primary caregivers by eliminating the occurrence of both activities inside of a cannabis facility or adjoining retail business.
4. Audit: That entities that distribute cannabis should allow the City Manager or his/her designee to have access to the entities’ books, records, accounts, and any and all data relevant to its financial activities for the purpose of conducting an audit or examination. Rationale: The City Manager or his/her designee shall the right to audit and examine the books, records, accounts, and any and all data relevant to its financial activities in order to determine whether the entity is paying all of the required City of Oakland business taxes. Further an audit or examination may be necessary to assess compliance with the “City Policy Regarding Entities That Distribute Cannabis.”
5. Consideration of Additional Staff to Monitor and Provide Oversight of Entities that Distribute Cannabis: Presently, there are 7-11 entities that distribute cannabis in the Central Downtown area of Oakland. Should the Council allow the existing number or some other number or no limit on entities that distribute cannabis, it should consider potential fiscal impacts created by the potential need for additional staff to monitor and provide oversight over such entities. Rationale: Currently, the City does not monitor or provide oversight of the 7-11 entities that distribute cannabis. Should the City adopt the proposed policy with standards for entities that distribute cannabis, monitoring and oversight of entities that distribute cannabis will be required. Further the City will be required to respond to complaints pertaining to such entities. The Administrative Hearing Officer is currently facilitating this matter. Depending on the policy determination made by the Council, it may be necessary to hire additional staff to monitor and provide oversight of entities that distribute cannabis.

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Staff concurs with the recommendations submitted by the Medical Cannabis Working Group pertaining to the "City of Oakland Policy Regarding Entities That Distribute Cannabis," and recommends that the City Council add the additional recommendations submitted above to this policy.

Respectfully submitted,

  
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DEBORAH EDGERLY

Attachment: A Follow-Up Report from the City Manager Providing Recommendations Of the Medical Cannabis Working Group Pertaining to the "City of Oakland Policy Regarding Entities That distribute Cannabis"

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**CITY OF OAKLAND  
AGENDA REPORT**

TO: Office of the City Manager  
ATTN: Deborah Edgerly  
FROM: Office of the City Manager  
DATE: September 23, 2003

**RE: SUPPLEMENTAL REPORT FROM THE CITY MANAGER  
PROVIDING ADDITIONAL BACKGROUND INFORMATION  
REGARDING MEDICAL CANNABIS PROVIDER  
ASSOCIATIONS AND RECOMMENDATION TO DESIGNATE  
ONE MEDICAL CANNABIS PROVIDER ASSOCIATION TO  
ADMINISTER THE CITY'S MEDICAL CANNABIS  
DISTRIBUTION PROGRAM**

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**ADDITIONAL BACKGROUND INFORMATION**

In response to several complaints from businesses located on Telegraph Avenue and Broadway Street near 17<sup>th</sup> Street, the City Manager's Office and Oakland Police Department conducted cursory investigations of several entities that allegedly were distributing medical cannabis. These cursory investigations revealed the existence of eight (8) entities distributing medical cannabis; none of these entities has been designated by the City Manager pursuant to Chapter 8.46 of the Oakland Municipal Code (O.M.C.) to administer the City's Medical Cannabis Distribution Program. Further it was uncertain whether the entities meet the requirements to qualify as a Medical Cannabis Provider Association under Chapter 8.46 of the O.M.C.

Chapter 8.46 authorizes the City Manager to designate one or more Medical Cannabis Provider Associations to distribute medical cannabis on the City's behalf and defines such an association as a cooperative, affiliation, or collection of persons who are qualified patients or primary caregivers and whose main purpose is the lawful production, acquisition and distribution of medical cannabis. Such an association would distribute medical cannabis only persons who meet the requirements of Proposition 215, i.e., patients who obtain a written or oral recommendation or approval from a physician to use cannabis for personal medical purposes and primary caregivers of qualified patients.

6  
PUBLIC SAFETY CMTE.  
OCT 28 2003

~~Item 6  
Public Safety Committee  
September 23, 2003~~

In August 1998, the City Manager of Oakland formally designated the Oakland Cannabis Buyers' Cooperative as a Medical Cannabis Provider Association to administer the City's Medical Cannabis Distribution Program. The Oakland Cannabis Buyers' Cooperative administered the City's Medical Cannabis Distribution Program without any complaints from medical cannabis patients or their primary caregivers until a federal court enjoined the Oakland Cannabis Buyers' Cooperative from distributing medical cannabis. Subsequently, there was a proliferation of entities in downtown Oakland that allegedly distribute medical cannabis. A listing of these entities is as follows.

1. 420 Cafe, 1727 Telegraph Avenue
2. Lemon Drop Cafe, 1736 Telegraph Avenue
3. Compassionate Caregivers, 1740 Telegraph Avenue
4. Oakland Patients, 1901 Telegraph Avenue
5. Oakland Cooperative, 1733 Broadway Street
6. Bull Dog Cafe, 1739 Broadway Street
7. SR71, 377-17<sup>th</sup> Street
8. The Healing Center, 578 Grand Avenue

Neighboring businesses of these entities complained of the following:

- The existence of seven (7) entities distributing cannabis within a few blocks of each other
- Loss of businesses due to the existence of several such entities within a few blocks, and the large number of medical cannabis patients smoking and loitering around such facilities
- Patients smoking inside and outside of the entities' facilities
- Loitering by medical cannabis patients and others outside of the entities' facilities
- Littering by medical cannabis patients and others outside of the entities' facilities
- The lack of oversight or regulation of the entities' distribution of cannabis

In July 1998, the City Council passed Chapter 8.46 of the Oakland Municipal Code, which established the City's Medical Cannabis Distribution program and provided that the program "shall be administered by medical cannabis provider associations designated by the City Manager. In August 1998, the City Manager designated the Oakland Cannabis Buyers' Cooperative as a medical cannabis provider association to administer its medical cannabis distribution program. As noted above, the Oakland Cannabis Buyers' Cooperative administered the medical cannabis program in an effective and efficient manner. The City attached numerous conditions to its designation pertaining to insurance, auditing, facility access, non-discrimination, sale of medical cannabis to qualified patients and their primary caregivers, facility security, loitering and littering, operating hours, quality assurance program, visitation limits, limitation of medical cannabis purchased, and smokefree facility.

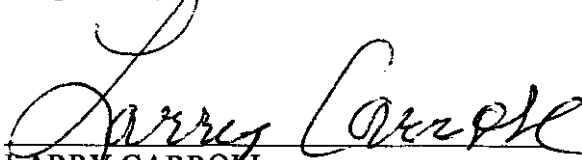
The City Manager's Office encountered no problems with only one Medical Cannabis Provider Association administering the City's Medical Cannabis Distribution Program

Item 8  
Public Safety Committee  
September 23, 2003

The demand for medical cannabis was adequately met by having one Medical Cannabis Provider Association administer the City's Medical Cannabis Distribution Program. Further there were no complaints from neighboring businesses regarding the Medical Cannabis Provider Association or the Medical Cannabis Distribution Program. The proliferation of entities that distribute cannabis in the City of Oakland has created substantial adverse impacts as reflected by the above complaints. As noted above, none these entities has been designated by the City Manager as a Medical Cannabis Provider Association and they therefore are not operating as Medical Cannabis Provider Associations under the City's ordinance. The ordinance provides that an entity may function as a medical cannabis provider association "only if designated by the City Manager pursuant to Section 8.46.030 of the Oakland Municipal Code."

To abate these substantial adverse impacts with existing City resources, staff recommends that the Council accept this report (including the attached conditions in Exhibit A that were imposed on the Oakland Cannabis Buyers' cooperative when it was designated by the City Manager) and further staff recommends that the City Council amend the ordinance to provide that the City Manager may designate one Medical Cannabis Provider Association to administer the City's Medical Cannabis Distribution Program.

Respectfully submitted,

  
LARRY CARROLL

Prepared by: Larry Carroll  
Administrative Hearing Officer  
City Manager's Office

Attachment: Exhibit A-Conditions Imposed on the Oakland Cannabis Buyers' Cooperative

**APPROVED AND FORWARDED TO THE  
PUBLIC SAFETY COMMITTEE:**

  
OFFICE OF THE CITY MANAGER

Item. 8  
Public Safety Committee  
September 23, 2003

## ATTACHMENT

### CONDITIONS IMPOSED ON THE OAKLAND CANNABIS BUYERS' COOPERATIVE AFTER THE CITY MANAGERS DESIGNATION AS THE MEDICAL CANNABIS PROVIDER ASSOCIATION TO ADMINISTER THE CITY'S MEDICAL CANNABIS DISTRIBUTION PROGRAM

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#### DEFINITIONS

- A. Medical Cannabis Provider Association: Medical cannabis provider association means a cooperative, affiliation, association, or collective of persons who are qualified patients or primary caregivers. the main purpose of which is to provide education, referral, or network services, and to facilitate or assist in the lawful production, acquisition, and distribution of medical cannabis.
- B. Qualified Patient: Qualified patient means a person who obtains a written **or** oral recommendation **or** approval from a physician to use cannabis for personal medical purposes.
- C. Primary Caregiver: Primary caregiver means the person or persons designated by a qualified patient who have consistently assumed responsibility for the housing, health, or safety of that qualified patient.

#### CONDITIONS

- A. Insurance: Medical cannabis provider association shall procure and keep in force for the duration of its existence, at medical cannabis provider association's own cost and expense, liability insurance in amount of \$2,000,000.00.
- B. Indemnification: The Medical Cannabis Provider Association agrees to save, indemnify, defend and hold harmless, the City, its Council Members, directors, officers, agents, and employees from any and all claims, losses and expenses (including reasonable attorney fees) **or** liability on account of damage of property or injury to or death of persons accruing **or** resulting to Medical Cannabis Provider Association, Medical Cannabis Provider Association's directors, agents, employees, contractors, material persons, laborers and any other person, ~~firm~~ **or** corporation furnishing or supplying work, services, materials or supplies in connection with the Medical Cannabis Provider Association activities; and from any and all claims and losses accruing or resulting to any person, firm **or** corporation who may be injured or damaged in the connection with the Medical Cannabis Provider Association's activities.
- C. Audit: Medical Cannabis Provider Association shall permit the City and its authorized representatives to have access to Medical cannabis Provider Association's books, records, accounts, and any and all data relevant to its

medical cannabis activities, for the purpose of making an audit or examination. Any audit or examination shall be deemed privileged and confidential in accordance with Section **6** of Chapter **8.46** of the Oakland Municipal Code. All such audits shall be carried out by appropriate personnel (e.g. physicians, nurses, accountants, bookkeepers and auditors) for the sole purpose of determining the Medical Provider Association's compliance with the conditions to fall under the City's Low Priority Policy.

- D. Reports, Information: Medical Cannabis Provider Association shall provide all reports and information reasonably requested by the City and shall immediately advise the City Manager of any complaints communicated to Medical Cannabis Provider Association, its directors, agents and/or employees and of any contacts by law enforcement personnel or agencies.
- E. Access to Premises, Inventory, Supplies, Etc.: Medical Cannabis Provider Association shall provide the City Manager, or a member of his/her staff, or a designated person, access to the premises of its operation for the purpose of inspections, quality control investigations and monitoring with or without notice during normal hours of operation.
- F. Payment of Income Taxes: Medical Cannabis Provider Association shall be responsible for paying, when due, all income taxes, including estimated taxes, incurred as a result of its medical cannabis activities. Medical Cannabis Provider Association agrees to indemnify the City for all claims, costs, losses, fees, penalties, interest or damages suffered by the City resulting from its failure to comply with this condition.
- G. Non-discrimination: Medical Cannabis Provider Association shall not discriminate **or** permit discrimination against any person or group of persons in any manner prohibited by federal, state or local laws. Medical Cannabis Provider Association shall not discriminate against any employee, applicant, patient, primary caregiver, contractor, supplier, or other person supplying goods or services because of gender, sexual orientation, race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (**AIDS**), AIDS-Related Complex, **or** disability.
- H. Business Tax Certificate: Medical Cannabis Provider Association shall obtain and maintain a valid City business tax certificate.
- I. Facility Approvals: Medical Cannabis Provider Association shall obtain approval for its facility from the City's Building Inspector, Electrical Inspector, Plumbing Inspector, Fire Marshal, Zoning Division, and Alameda County's Health Department.
- J. Compliance with Americans with Disability Act: Medical Cannabis Provider Association's facility shall comply with all provisions of the Americans with Disability Act.
- K. Independent Contractor: It is expressly understood that the Medical Cannabis Provider Association in administering its cannabis activities is not an employee of the City and is an independent contractor. Medical Cannabis Provider Association has and shall retain the right to exercise full control and supervision over the employment, direction, compensation, and discharge of all persons assisting Medical Cannabis Provider Association in the administering of its



cannabis activities and shall be solely responsible for all matters relating to the payment of its employees, including compliance with social security, withholding and all other regulations governing such matters, and shall be solely responsible for its own acts and those of its subordinates and employees.

- L. Background Investigation of Employees: Medical Cannabis Provider Association shall conduct background investigations of employees to ensure that no persons with criminal convictions are hired as employees.
- M. Operating Hours: Medical Cannabis Provider Association shall comply with the following operating hours: Monday-Saturday, 7:00 a.m. to 8:00 p.m.
- N. Qualified Patients: Medical Cannabis Provider Associations must verify all qualified patients by confirming with the medical doctors their recommendation of persons to use cannabis for personal medical purposes, and issuing an identification card to each qualified patient.
- O. Primary Caregivers: Medical Cannabis Provider Association shall verify the status of primary caregivers with the qualified patient, and have the caregiver complete a caregiver certificate form (provided by the Medical Cannabis Provider Association). In order for the caregiver to gain access to the Medical Cannabis Provider Association's facility, the qualified patient must place a phone call to the Medical Cannabis Provider Association verifying that he/she is sending his/her caregiver. The qualified patient also must send a written note stating the specific nature of his/her needs, how much medical cannabis is needed, and provide his/her member identification. The caregiver must have valid identification such as a California identification card or driver's license. Upon verification of primary caregivers, the Medical Cannabis Provider Association may issue valid identification cards.
- P. Security: Medical Cannabis Provider Association shall have at least one (1) state licensed security personnel on site during operating hours. The Medical Cannabis Provider Association shall make sure that adequate security is available during operating hours to monitor and control qualified patients, primary caregivers, and any other persons present at the facility.
- Q. Loitering and Littering: Medical Cannabis Provider Association shall take action, if necessary, to ensure that no persons loiter and litter about the facility. Signs shall be posted in a clear, sufficient, and conspicuous manner informing persons to not loiter and litter outside of the facility.
- R. Noise Nuisance: Medical Cannabis Provider Association shall inform all qualified patients, primary caregivers, and other persons appearing at the facility not to make loud and excessive noises that disturb the peace and quiet of the general public or neighboring tenants or businesses. Medical Cannabis Provider Association shall take immediate action to abate any noise nuisances created by qualified patients or primary caregivers or other persons appearing at the facility.
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  - Z. Loitering by Friends Outside: Members should discourage friends from waiting for them immediately outside of the front door of the Medical Cannabis Provider Association's facility to help in the abatement of loitering.

The above conditions may be revised by the City Manager at his/her discretion

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PUBLIC SAFETY CMTE.  
OCT 28 2003

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PUBLIC SAFETY CMTE.  
SEP 23 2003~~

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**CITY OF OAKLAND**  
**AGENDA REPORT**

TO: Office of the City Manager  
ATTN: Deborah Edgerly  
FROM: Office of the City Manager  
DATE: September 23, 2003

**RE: A REPORT FROM THE CITY MANAGER REGARDING  
CONDITIONS TO FALL UNDER THE CITY'S LOW LAW  
ENFORCEMENT POLICY TOWARDS MEDICAL CANNABIS  
AND RECOMMENDATION TO SELECT ONE MEDICAL  
CANNABIS PROVIDER ASSOCIATION TO ADMINISTER  
THE CITY'S MEDICAL CANNABIS DISTRIBUTION PROGRAM**

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**SUMMARY**

In November 1996, the voters of the State of California passed Proposition 215, the Compassionate Use Act of 1996, to "ensure that seriously ill Californians have the right to obtain and use cannabis (marijuana) for medical purposes. The City Council found that medical cannabis helped alleviate pain and discomfort in people suffering from a variety of illness including *AIDS*, cancer, glaucoma, and multiple sclerosis when no other medications have been effective. In March 1996, the Council passed Resolution No. 72516 C.M.S. endorsing H.R. 2618 which allowed physicians to prescribe medical cannabis for medical purposes, insured the production of cannabis to meet the need for medical use, supported the Oakland Cannabis Buyer's Club, and declared that the investigation and arrest of individuals involved with the medical use of cannabis shall be a low priority for the City of Oakland. In June 1997, the Council passed Resolution No. 73555 C.M. S. declaring that the investigation and arrest of individuals involved in the cultivation, manufacture, and/or transportation of medical cannabis products shall be a low priority for the City of Oakland.

In July 2000, the Oakland Police Department created a memorandum detailing the City's low law enforcement policy regarding medical cannabis. On July 28, 1998, the Council passed Chapter 8.46 of the Oakland Municipal Code pertaining to medical cannabis. This chapter was passed to recognize and protect the rights of qualified patients, their primary caregivers, physicians, and medical cannabis provider associations, and to ensure access to safe and affordable medical cannabis pursuant to the Compassionate Use Act of 1996. In support of this purpose, the City of Oakland further recognized that a medical cannabis provider association (as defined therein) might provide educational information concerning access to safe, affordable, and lawful medical cannabis, and also distribute

6  
PUBLIC SAFETY CMTE. ~~Item~~  
OCT 28 2003 ~~Public Safety Committee~~  
September 23, 2003

safe and affordable medical cannabis. Pursuant to Chapter 8.46 of the Oakland Municipal Code, the City of Oakland formally designated the Oakland Cannabis Buyers' Cooperative to administer the City's Medical Cannabis Distribution Program in August 1998. Conditions were attached to the City's designation pertaining to indemnification, insurance, audit, standard of performance, inspection, payment of income taxes, business tax certificate, non-discrimination policy, independent contractor, notice to the City regarding any changes in procedures or cooperative members, assignment, and the right to revoke the designation based on the City's sole judgment and discretion.

Subsequently, the Oakland Cannabis Buyers' Cooperative ceased its administration of the City's Medical Cannabis Distribution Program pursuant to legal action initiated by federal authorities. During the last three years, several new organizations or entities have been distributing medical cannabis in the City of Oakland. None of these organizations have obtained a designation from the City to administer the City's Medical Cannabis Distribution Program.

Staff has created conditions similar to those originally imposed on the Oakland Cannabis Buyers' Cooperative that a medical cannabis provider association must meet in order to fall under the City's low law enforcement policy pertaining to medical cannabis (Exhibit A). Staff recommends that one medical cannabis provider association be selected to administer the City's Medical Cannabis Distribution Program. The City Manager will select the medical provider association within **30** days of Council's approval of this recommendation.

### **FISCAL IMPACT**

As the medical cannabis provider association must be a cooperative or non-profit entity, it is not anticipated that the City will receive any revenues from the administration of the City's Medical Cannabis Distribution Program. The medical cannabis provider association will be required to maintain a business tax certificate.

### **BACKGROUND**

Reflected in the above **summary** is the legislative history of action taken by the State of California and City of Oakland to ensure that qualified patients and their primary caregivers have access to safe and affordable medical cannabis. Currently, there are in excess of eight (8) organizations in the City of Oakland distributing medical cannabis. These organizations are operating their medical cannabis distribution program for profit and without any administrative oversight by the City. Chapter 8.46 of the Oakland Municipal Code establishes a Medical Cannabis Distribution Program that shall be administered by the medical cannabis provider association designated by the City Manager.

Distribution Program. Further several conditions were attached to this designation to ensure that the medical provider association carried out its duties consistent with Chapter 8.46 and other applicable chapters of the Oakland Municipal Code and the Oakland Planning Code. The Oakland Cannabis Buyers' Cooperative ceased its administration of the City's Medical Cannabis Distribution Program three years ago due to legal action initiated by federal authorities.

To ensure that the requirements of Chapter 8.46 are met, it is necessary that the City have administrative oversight of the cooperative administering its Medical Cannabis Distribution Program. The selection of one medical cannabis provider association would facilitate oversight and compliance, and meet the demand of qualified medical cannabis patients and their primary caregivers.

#### SUSTAINABLE OPPORTUNITIES

It is anticipated that a mild economic boost will occur as the selected medical cannabis provider association will hire several persons to assist in the administration of the City's Medical Cannabis Distribution Program. The selection of a medical cannabis provider association to administer the City's Medical Cannabis Distribution Program will make sure that qualified patients and their primary caregivers have access to safe and affordable medical cannabis.

#### DISABILITY AND SENIOR CITIZEN ACCESS

The selected medical cannabis provider association to administer the City's Medical Cannabis Distribution Program must comply with the Americans with Disability Act (ADA). This is one of the conditions reflected in Exhibit A.

#### RECOMMENDATION AND RATIONALE

**RECOMMENDATION:** Staff recommends that one medical cannabis provider association be selected to administer the City's Medical Cannabis Distribution Program established in Chapter 8.46 of the Oakland Municipal Code.

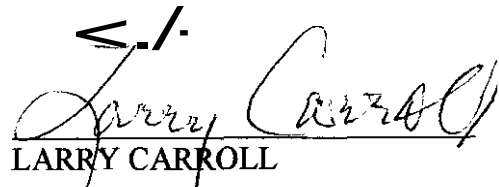
**RATIONALE:** After the passage of the Compassionate Use Act of 1996, the City passed Chapter 8.46 of the Oakland Municipal Code pertaining to medical cannabis. Section 8.46.030 established a Medical Cannabis Distribution Program that shall be administered by the medical cannabis provider association designated by the City Manager. Pursuant to the authority given in Chapter 8.46, the City Manager designated the Oakland Cannabis Buyers' Cooperative to administer the City's Medical Cannabis Distribution Program. The Oakland Cannabis Buyers' Cooperative administered the City's Medical Cannabis Distribution Program for several years until federal action ceased their operation. During the last three years, there has been a proliferation of medical cannabis provider associations in the City of Oakland that are unregulated.

Staff does not see the need for more than one medical cannabis provider association to meet the demand of qualified patients and their primary caregivers for medical cannabis. Additionally, the City does not have the personnel to conduct administrative oversight over more than one medical cannabis provider association.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council accept this report and the recommendation to select one medical cannabis provider association to administer the City's Medical Cannabis Distribution Program.

Respectfully submitted,

  
LARRY CARROLL

Prepared by: Larry Carroll  
Administrative Hearing Officer  
City Manager's Office

Exhibit A: Medical Cannabis Provider Association Conditions to Fall Under the City's Low Law Enforcement Policy for Medical Cannabis

APPROVED AND FORWARDED TO THE  
PUBLIC SAFETY COMMITTEE:

  
OFFICE OF THE CITY MANAGER

Item: ~~8~~  
Public Safety Committee  
September 23, 2003

ATTACHMENT

MEDICAL CANNABIS PROVIDER ASSOCIATION CONDITIONS  
TO FALL UNDER THE CITY'S LOW LAW ENFORCEMENT POLICY

DEFINITIONS

- A. Medical Cannabis Provider Association: Medical cannabis provider association means a cooperative, affiliation, association, or collective of persons who are qualified patients or primary caregivers, the main purpose of which is to provide education, referral, or network services, and to facilitate or assist in the lawful production, acquisition, and distribution of medical cannabis.
- B. Qualified Patient: Qualified patient means a person who obtains a written or oral recommendation or approval from a physician to use cannabis for personal medical purposes.
- C. Primary Caregiver: Primary caregiver means the person or persons designated by a qualified patient who have consistently assumed responsibility for the housing, health, or safety of that qualified patient.

CONDITIONS

- A. Insurance: Medical cannabis provider association shall procure and keep in force for the duration of its existence, at medical cannabis provider association's own cost **and** expense, liability insurance in amount of \$2,000,000.00.
- B. Indemnification: The Medical Cannabis Provider Association agrees to save, indemnify, defend and hold harmless, the City, its Council Members, directors, officers, agents, and employees from any and all claims, losses and expenses (including reasonable attorney fees) or liability on account of damage of property or injury to or death of persons accruing or resulting to Medical Cannabis Provider Association, Medical Cannabis Provider Association's directors, agents, employees, contractors, material persons, laborers and any other person, firm or corporation furnishing or supplying work, services, materials or supplies in connection with the Medical Cannabis Provider Association activities; and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged in the connection with the Medical Cannabis Provider Association's activities.
- C. Audit: Medical Cannabis Provider Association shall permit the City and its authorized representatives to have access to Medical Cannabis Provider Association's books, records, accounts, and any and all data relevant to its medical cannabis activities, for the purpose of making **an** audit or examination. Any audit or examination shall be deemed privileged and confidential in accordance with Section 6 of Chapter 8.46 of the Oakland Municipal Code. All

such audits shall be carried out by appropriate personnel (e.g. physicians, nurses, accountants, bookkeepers and auditors) for the sole purpose of determining the Medical Provider Association's compliance with the conditions to fall under the City's Low Priority Policy.

- D. Reports, Information: Medical Cannabis Provider Association shall provide all reports and information reasonably requested by the City and shall immediately advise the City Manager of any complaints communicated to Medical Cannabis Provider Association, its directors, agents and/or employees and of any contacts by law enforcement personnel or agencies.
- E. Access to Premises. Inventorv. Supplies. Etc.: Medical Cannabis Provider Association shall provide the City Manager, or a member of his/her staff, or a designated person, access to the premises of its operation for the purpose of inspections, quality control investigations and monitoring with or without notice during normal hours of operation.
- F. Payment of Income Taxes: Medical Cannabis Provider Association shall be responsible for paying, when due, all income taxes, including estimated taxes, incurred as a result of it medical cannabis activities. Medical Cannabis Provider Association agrees to indemnify the City for all claims, costs, losses, fees, penalties, interest or damages suffered by the City resulting from its failure to comply with this condition.
- G. Non-discrimination: Medical Cannabis Provider Association shall not discriminate or permit discrimination against any person or group of persons in any manner prohibited by federal, state or local laws. Medical Cannabis Provider Association shall not discriminate against any employee, applicant, patient, primary caregiver, contractor, supplier, or other person supplying goods or services because of gender, sexual orientation, race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex, or disability.
- H. Business Tax Certificate: Medical Cannabis Provider Association shall obtain and maintain a valid City business tax certificate.
- I. Facility Approvals: Medical Cannabis Provider Association shall obtain approval for its facility from the City's Building Inspector, Electrical Inspector, Plumbing Inspector, Fire Marshal, Zoning Division, and Alameda County's Health Department.
- J. Compliance with Americans with Disability Act: Medical Cannabis Provider Association's facility shall comply with all provisions of the Americans with Disability Act.
- K. Independent Contractor: It is expressly understood that the Medical Cannabis Provider Association in administering its cannabis activities is not an employee of the City and is an independent contractor. Medical Cannabis Provider Association has and shall retain the right to exercise full control and supervision over the employment, direction, compensation, and discharge of all persons assisting Medical Cannabis Provider Association in the administering of its cannabis activities and shall be solely responsible for all matters relating to the payment of its employees, including compliance with social security, withholding



and all other regulations governing such matters, and shall be solely responsible for its own acts and those of its subordinates and employees.

- L. Background Investigation of Employees: Medical Cannabis Provider Association shall conduct background investigations of employees to ensure that no persons with criminal convictions are hired as employees.
- M. Operating Hours: Medical Cannabis Provider Association shall comply with the following operating hours: Monday-Saturday, 7:00 a.m. to 8:00 p.m.
- N. Qualified Patients: Medical Cannabis Provider Associations must verify all qualified patients by confirming with the medical doctors their recommendation of persons to use cannabis for personal medical purposes, and issuing an identification card to each qualified patient.
- O. Primary Caregivers: Medical Cannabis Provider Association shall verify the status of primary caregivers with the qualified patient, and have the caregiver complete a caregiver certificate form (provided by the Medical Cannabis Provider Association). In order for the caregiver to gain access to the Medical Cannabis Provider Association's facility, the qualified patient must place a phone call to the Medical cannabis Provider Association verifying that he/she is sending his/her caregiver. The qualified patient also must send a written note stating the specific nature of his/her needs, how much medical cannabis is needed, and provide his/her member identification. The caregiver must have valid identification such as a California identification card or driver's license. Upon verification of primary caregivers, the Medical Cannabis Provider Association may issue valid identification cards.
- P. Security: Medical Cannabis Provider Association shall have at least one (1) state licensed security personnel on site during operating hours. The Medical Cannabis Provider Association shall make sure that adequate security is available during operating hours to monitor and control qualified patients, primary caregivers, and any other persons present at the facility.
- Q. Loitering and Littering: Medical Cannabis Provider Association shall take action, if necessary, to ensure that no persons loiter and litter about the facility. Signs shall be posted in a clear, sufficient, and conspicuous manner informing persons to not loiter and litter outside of the facility.
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The above conditions may be revised by the City Manager at his/her discretion. Medical Cannabis Provider Associations that are not in compliance with the above conditions do not fall under the City's Low Priority Policy, and should cease its operations immediately. Enforcement action will be taken against Medical Cannabis Provider Associations not in compliance with the above conditions pertaining to the City's Low Priority Policy.

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OCT 28 2003

~~Item # \_\_\_\_\_  
Public Safety Committee  
September 23, 2003~~