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Date: January 8, 2019
To: Mayor and Council
Author: Peggy Van Mierlo-West, CAO
RE: Cannabis Retail Options
Report No.: CAO 2019-001

AIM

To provide Council with an update on cannabis legalization, municipal policy implications, and to provide options regarding retail cannabis stores within the Town of Kingsville.

BACKGROUND

In 2016, the federal government created a nine-member task force to advise the Canadian government on how best to move forward with the plan to legalize cannabis. The task force released their report in late 2016, providing recommendations on establishing a supply chain, minimizing harm, enforcing safety, and continuing to allow medical access.

The Task Force on Cannabis Legalization and Regulation recommend that the ACMPR remain in place after legalization, with some modifications. This would allow the medical and recreational systems to work together to benefit users of cannabis.

The Cannabis Act creates a strict legal framework for controlling the production, distribution, sale and possession of cannabis across Canada. The Act aims to accomplish 3 goals:

- Keep cannabis out of the hands of youth
- Keep profits out of the pockets of criminals
- Protect public health and safety by allowing adults access to legal cannabis

Currently the following is permitted in Ontario:

- Possession of up to 30 grams of legal cannabis, dried or equivalent in non-dried form in public
- share up to 30 grams of legal cannabis with other adults

- buy dried or fresh cannabis and cannabis oil from a provincially-licensed retailer
- grow, from licensed seed or seedlings, up to 4 cannabis plants per residence for personal use
- Minimum age of 19 to buy, consume, possess, grow or consume cannabis
- Cannabis can be consumed in public anywhere tobacco smoking is allowed
- Cannabis can currently be purchased via online sales (ocs.ca) or as of April 1, 2019 privately run retail

Regulations regarding the consumption and sale of cannabis have been issued by the government of Ontario since late summer 2018. Town staff have been monitoring the changing regulations and have undertaken the following initiatives;

- Consulted with the Association of Municipalities of Ontario for information and clarification on cannabis
- Participated in cannabis related workshops, webinars and forums
- Conducted a special Council meeting to educate both Council and the public regarding cannabis legislation
- Conducted an online survey to receive public comment regarding storefront cannabis sales
- Reviewed Town smoking bylaws to determine the impact on cannabis smoking in public places including parks and recreational facilities
- Updated Corporate policies regarding substance use and code of conduct with regards to cannabis

On November 14th, 2018 the Government of Ontario introduced Ontario Regulation 468/18 under the Cannabis License Act, 2018. The following governs the private operation of cannabis retail stores in the province;

- Cannabis Stores will be owned and operated by the private sector
- Retailers will not be permitted to allow anyone under the age of 19 to enter the store
- Hours of operation will be between 9:00am-11:00pm 7 days a week
- Storefronts must be stand-alone
- Retail stores must be 150m from schools (please note that the Town will not be permitted to expand this buffer or include other municipally owned facilities, please see Schedule A for map)
- Retail stores will be permitted to sell all cannabis products, accessories and shopping bags
- As recreational cannabis is legal, controlled and regulated, cannabis stores are to be considered the same as other type of retail stores.
- A cannabis store must be zoned for retail sales.
- The Ontario Cannabis Store (OCS) will be the only supplier of cannabis to the retail store

DISCUSSION

The provincial government have committed to allowing for recreational cannabis retail stores throughout Ontario. The Town of Kingsville has the opportunity to decide to “opt-in” or “opt-out”. Municipalities have a one-time option to opt-out of allowing retail cannabis stores. The Town must provide a Council resolution no later than January 22nd 2019 to the

Alcohol and Gaming Commission of Ontario on their decision. Should council not provide this resolution within this timeframe private cannabis retail stores will be allowed within the Town beginning April 1st, 2019.

It should be noted that should a municipality that decides to prohibit cannabis retail stores may later reverse its decision. However, based upon the *Cannabis License Act, 2018* a decision made by a municipality to opt-in is final and cannot be reversed.

The Town is not permitted to create zoning specific to, create restrictive licensing, or pass a bylaw that distinguishes land uses for cannabis from any other type of use.

Retail cannabis stores will be licensed through the AGCO. The licensing has three parts:

- Operator approval
- Retail site location approval
- Store management licensing

The AGCO will provide a 15-day comment period for each site that is proposed, Municipal comments on store locations would focus on whether a proposed location is in the public interest as defined by the regulation. However, there is no regulatory requirement for the AGCO to act on municipal comment.

On December 14th 2018 the Province of Ontario decided to take a phased approach for the number of retail stores and locations in the province due to a shortage of product. The decision was to only award 25 licenses within this initial phase of cannabis retail.

The maximum 25 Retail Store Authorizations will be allocated in accordance with Ontario Regulation 468/18 which provides for the maximum number of stores in the following Regions:

East Region: (Stormont, Dundas and Glengarry, Prescott and Russell, Ottawa, Leeds and Grenville, Lanark, Frontenac, Lennox and Addington, Hastings, Prince Edward, Northumberland, Peterborough, Kawartha Lakes, Simcoe, Muskoka, Haliburton, Renfrew): five stores;

GTA Region: (Durham, York, Peel and Halton): six stores;

North Region: (Nipissing, Parry Sound, Sudbury, Greater Sudbury, Timiskaming, Cochrane, Algoma, Thunder Bay, Rainy River, Kenora): two stores;

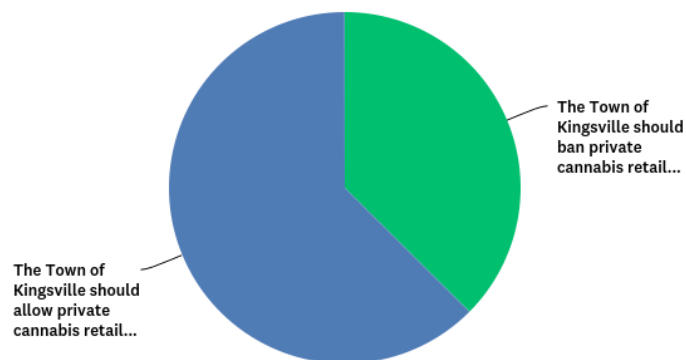
Toronto Region: five stores;

West Region: (Dufferin-Wellington, Hamilton, Niagara, Haldimand-Norfolk, Brant, Waterloo, Perth, Oxford, Elgin, Chatham-Kent, Essex, Lambton, Middlesex, Huron, Bruce, Grey, Manitoulin): seven stores.

Among several other requirements, applicants must be 19 years old and the store must meet school distance requirements of 500m and be located in a municipality with a population over 50,000. It should be noted that the requirement of a population over 50,000 would withdraw the Town of Kingsville out of the first lottery.

On December 18th, 2018 a public survey was posted online for residents to provide comment on retail cannabis stores. There were 350 correspondents to the survey. Overall 62.53% of the respondents were in favor of the Town allowing private retail cannabis stores with 34.47% of the respondents recommending that the Town ban the establishment. Comments have been attached to the reports within Appendix B – Survey Comments.

Q1 What do you believe is the best option for the Town of Kingsville:



The Kingsville BIA provided this comment regarding cannabis retail sales;

“The Kingsville BIA appreciates the vehicles provided by the town to all citizens and businesses to provide their input through the survey or attendance of meetings that the town made available.”

Should Council wish to opt out of this initial phase it should be noted that the Town is able to opt in later on. Opting out would provide resources more time to consult with the residents but also monitor the full impact on other communities that have opted in. The Town would also not share in any future funds from the federal excise duty, even if Council decided to opt back in at a later date.

Should Council wish to opt in, there is an economic development benefit and job creation opportunity. These businesses will be privately run however highly regulated. Cannabis is now a legal product within the Town. Not allowing cannabis within Town limits is not a possibility hence there is not a clear benefit to opting out of having storefront cannabis stores. It should be noted that; since the summer of 2018 Administration has been contacted by three separate prospective business owners who have an interest in opening retail cannabis stores within the Town of Kingsville

LINK TO STRATEGIC PLAN

Support growth of the business community.

FINANCIAL CONSIDERATIONS

In January, the Town of Kingsville will receive \$11,169 regardless of Council's decision to opt-in or opt-out. Should the Town opt-out an additional payment of \$5,000 will be received.

Should the Town opt-in, an additional payment of \$11,169 (minimum) would be received. This payment could be higher if a significant number of other municipalities opt-out.

The province has also committed to share with opt-in municipalities 50% of the surplus where Ontario's portion of the federal excise duty on recreational cannabis over the first two years exceeds \$100 million.

CONSULTATIONS

Financial Services

RECOMMENDATION

It is recommended that the Town of Kingsville Opt in and approve the retail cannabis sales and that the Alcohol and Gaming Commission is notified of this decision immediately.

Or

It is recommended that the Town of Kingsville Opt Out of retail cannabis storefront sales currently and the Alcohol and Gaming Commission is notified of this decision immediately.

It is also recommended that an updated report regarding cannabis retail in the province of Ontario be brought back to Council within 6 months for further review.

Peggy Van Mierlo-West

Peggy Van Mierlo-West, C.E.T.
Chief Administrative Officer