

## Report to Council

**Report Title:** Retail Sale of Cannabis in Brockton

**Prepared By:** Sonya Watson, Chief Administrative Officer and Fiona Hamilton, Clerk

**Department:** Administration

**Date:** January 8, 2019

**Report Number:** CAO2019-01                      **File Number:** C11AD

**Attachments:** AMO Municipal Briefing  
Letter from the Walkerton BIA re Cannabis  
Letter from South Bruce Grey Health Centre

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### **Recommendation:**

That the Council of the Municipality of Brockton hereby approves Report Number CAO2019-01 – Retail Sale of Cannabis in Brockton, prepared by Sonya Watson, Chief Administrative Officer and Fiona Hamilton, Clerk; and

Further that the Council of the Municipality of Brockton hereby directs staff to notify the Alcohol and Gaming Commission of Ontario that the Municipality of Brockton is willing to opt in to be a host Municipality for private retail cannabis stores; and

Further that the Council direct Staff to prepare a Municipal Cannabis Policy to establish criteria for the Municipality of Brockton's response to a potential Retail Store Authorization application for the Alcohol and Gaming Commission of Ontario.

### **Report:**

#### **Background:**

At the Council Meeting on November 19, 2018, Council for the Municipality of Brockton approved Report Number CAO2018-27 – Retail Sale of Recreational Cannabis and authorized Sonya Watson, Chief Administrative Officer to conduct a survey to understand the preferences of the general public with respect to allowing retail sales of cannabis in Brockton.

As summarized in the report of November 19, 2018, Municipalities in Ontario must decide whether to “opt-out” and prohibit the sale of retail cannabis by January 22, 2019 (although those Municipalities could choose to “opt-in” at a later date). Municipalities that fail to do so will be deemed to have “opted-in” such that retail sales of cannabis will be permitted (and will not be permitted to “opt-out” at a later date). The Association of Municipalities of Ontario has provided a useful summary of the regulatory framework that has been attached to this Report.

All municipalities will receive at least \$10,000.00 in funding to assist with the transition, and municipalities that “opt-in” will also receive additional funding on a per household basis. Municipalities that “opt-in” may also receive some portion of the Province of Ontario’s portion of the federal excise duty provided certain thresholds are met.

The Alcohol and Gaming Commission of Ontario (the “AGCO”) is responsible for licensing retail cannabis stores. In the event the AGCO receives an application for a retail cannabis store, municipalities will be provided with fifteen (15) days to provide comments to the AGCO about the proposed application. Otherwise, municipalities are prohibited from regulating the retail cannabis stores in terms of land use planning or other licensing requirements. The AGCO website has a summary of [cannabis licensing](#) and a [database](#) indicating how Ontario municipalities have chosen to proceed regarding retail cannabis.

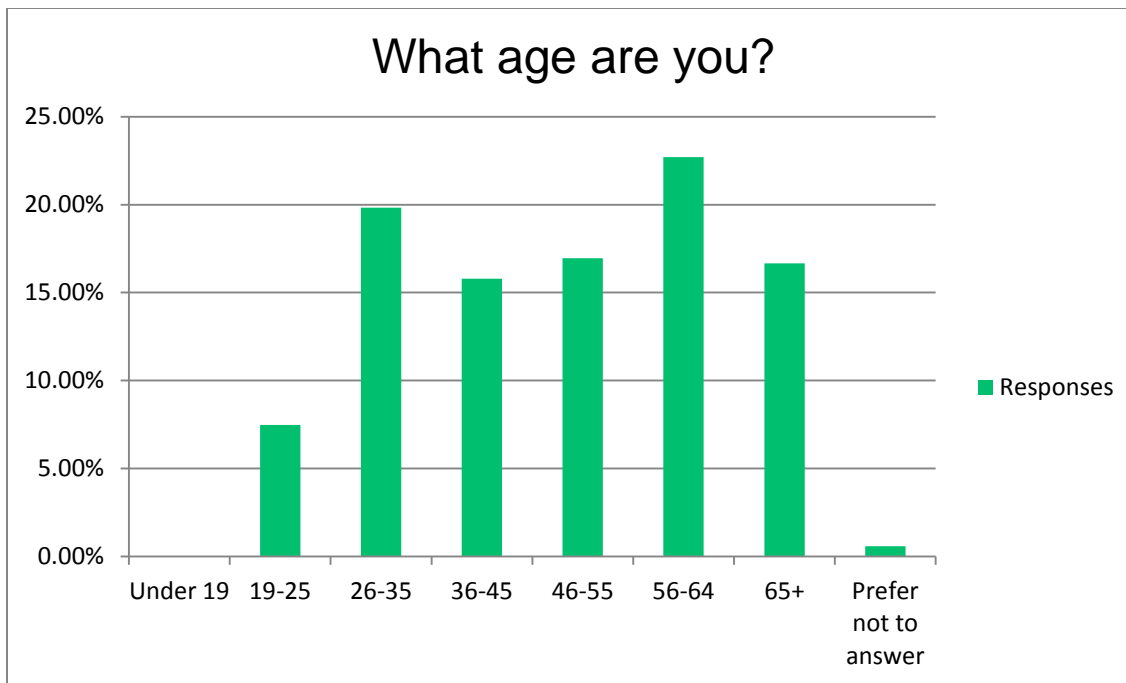
It has recently been [announced by the AGCO](#) that there will only be twenty-five (25) licenses for retail cannabis stores issued in the first phase in response to a significant shortfall in the supply of cannabis. These licenses will be awarded using a [lottery system](#) with only seven (7) licenses available for this region. The production of cannabis is federally regulated and it should be noted that the Municipality of Brockton has currently zoned properties in the East Ridge Business Park to permit a cannabis production facility. Staff have also spent time in the past year communicating with developers interested in buildings in the Municipality of Brockton available for production facilities.

### **Analysis:**

#### **Survey**

Staff completed a survey of the public to determine the degree of support for allowing retail cannabis stores in Brockton and to obtain other feedback from individuals. The survey was comprised of seven questions and was open from December 4, 2018 to December 20, 2018. The survey was available on the Municipality of Brockton website and paper copies were available at the Municipal Office and the Walkerton library.

The following chart summarizes the ages of those that completed the survey. The responses received are representative of all eligible age groups across the Municipality of Brockton.



In addition, Staff also requested feedback from the Walkerton Business Improvement Area (the “BIA”), local hospitals, Wellness and Emotion Support (WES) For Youth Online, the Canadian Mental Health Association, the Bruce Grey Catholic School Board and the Bluewater District School Board. The responses received from the BIA and the South Bruce Grey Health Centre have been attached to this Report and will be summarized below. The other organizations that we contacted did not provide a response.

There were a total of 369 surveys received consisting of 348 online surveys and 21 paper surveys. The majority of the surveys supported allowing retail cannabis stores in the Municipality of Brockton. 247 of these surveys supported retail cannabis in Brockton, 111 opposed retail cannabis in Brockton, 10 were undecided and 1 preferred not to answer.

The following summarizes the reasons provided by the individuals who supported allowing retail cannabis stores in the Municipality of Brockton:

- Potential health benefits versus other prescription drugs;
- Potential for additional funding;
- Already available on-line;
- Potential for jobs;
- Consumers may travel to adjacent municipalities (and shop for other items at the same time);
- Potential reduction of the black market;
- No more dangerous than alcohol;
- Availability for residents in rural areas with poor internet access; and
- Safer location with more potential to ensure no sales to youth.

The following summarizes the reasons provided by the individuals who opposed allowing retail cannabis stores in the Municipality of Brockton:

- Potential health consequences, particularly for youth;

- Potential for increased policing and associated costs;
- Potential link between cannabis use and other types of drugs;
- Speed of introduction of the regulatory and licensing regime, as well as the number of changes thereto;
- Inadequate resources to enforce existing smoking laws; and
- Concerns about the odour produced by smoking cannabis.

The most common concerns centered on the potential appearance of the proposed stores and the potential health impacts on users. The BIA noted that there had only been broad discussions with the members expressing concerns about promoting “wellness” for young residents and the character of downtown Walkerton. The South Bruce Grey Health Centre noted that the Registrar could refuse applications on the basis of public health and safety and would rely on the opinions of local partners, such as the Grey Bruce Health Unit and the Municipality of Brockton.

### **Economic Development**

As noted above, many of the comments received from the surveys highlighted the potential for economic development arising from the decision to allow retail cannabis stores in the Municipality of Brockton. At first glance it may appear that economic development of this kind is unlikely in that initially only 25 stores will be licensed across all of Ontario. However, the decision to allow retail cannabis stores impacts the potential for the Municipality of Brockton to attract/establish a cannabis production facility which would provide significant economic development.

7ACRES is a recreational and medical cannabis production facility in the Municipality of Kincardine. 7ACRES is expected to employ 500 individuals within the next two (2) years (some of whom are Brockton residents as noted in the surveys) and has a contract with the Province of Ontario to supply cannabis to seven (7) provinces. There is significant incentive for cannabis production facilities to expand to agriculture-friendly regions given the shortage in the supply of cannabis, and consideration should be given to the message sent to potential producers about Brockton’s suitability as a partner if the decision is made to “opt-out” of permitting retail cannabis stores.

Cannabis production facilities are also permitted to sell limited quantities of cannabis directly to consumers from the facility. Choosing to “opt-out” of allow retail cannabis stores would prevent these sales and dissuade cannabis production companies from establishing facilities in the Municipality of Brockton. As a result, “opting-out” of allowing retail cannabis stores in Brockton would be inconsistent with the decision to implement zoning in the East Ridge Business Park to allow a cannabis production facility.

### **Retail Store Authorizations**

As mentioned above, municipalities will have fifteen (15) days to provide comments to the AGCO regarding potential Retail Store Authorization applications (“RSA”). Staff are recommending that the Municipality of Brockton develop a Municipal Cannabis Policy (using some feedback obtained by the surveys) dictating what should be considered when providing comments relating to an RSA. The purpose of the Municipal Cannabis Policy is twofold: 1) provide guidance and procedures for Staff to follow; and 2) provide consistency and fairness for individuals submitting an RSA as the individual would know the likely nature of any municipal

comments prior to beginning the process. The Municipal Cannabis Policy may also consider regulating the use of cannabis on municipally owned properties.

**Conclusion**

Staff recommend that Council of the Municipality of Brockton choose to “opt-in” and allow retail cannabis stores in the Municipality of Brockton and develop a Municipal Cannabis Policy, for the following reasons:

- Strong support from the general public;
- Consistency with prior planning decisions;
- Potential for economic development linked to cannabis production facilities;
- Potential to receive increased funding; and
- Provincial regulations likely to address health and safety concerns.

It is the recommendation of Staff that Council consider the Municipality opting in to host retail cannabis outlets. It is further recommended that Council direct Staff to draft a Municipal Cannabis Policy Statement in order to prepare for the incoming licence applications of potential operators of said outlets through the AGCO.

**Sustainability Checklist:**

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- |   |     |
|---|-----|
| • Do the recommendations help move the Municipality closer to its Vision? | Yes |
| • Do the recommendations contribute to achieving Cultural Vibrancy?       | N/A |
| • Do the recommendations contribute to achieving Economic Prosperity?     | Yes |
| • Do the recommendations contribute to Environmental Integrity?           | N/A |
| • Do the recommendations contribute to the Social Equity?                 | N/A |

**Financial Impacts/Source of Funding:**

- Do the recommendations represent a sound financial investment from a sustainability perspective?  
N/A

The Municipality of Brockton will only be eligible to receive additional funding beyond the initial \$10,000.00 if the decision is made to “opt-in” and allow retail cannabis stores.

**Reviewed By:**



Trish Serratore, Chief Financial Officer

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**Respectfully Submitted by:**

A handwritten signature in black ink, appearing to be 'Fiona Hamilton', written in a cursive style.

**Fiona Hamilton, Clerk**

A handwritten signature in black ink, appearing to be 'Sonya Watson', written in a cursive style.

**Sonya Watson, Chief Administrative Officer**