

Report to Council

Report Title: Retail Sale of Recreational Cannabis

Prepared By: Sonya Watson, CAO and Terry Tuck, CBO

Department: Administration

Date: November 19, 2018

Report Number: CAO2018-27 **File Number:** C11AD

Attachments: Report of John Ghent, County of Bruce

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number CAO2018-27 – Retail Sale of Recreational Cannabis, prepared by Sonya Watson, CAO and Terry Tuck, CBO and directs staff to provide information to Brockton residents on the retail sale of recreational cannabis to allow for public input, looking to understand the reasoning behind residents' preference, prior to making a decision about "opting in" or "opting out" before the January 22, 2019 deadline.

Report:

Background:

The retail sale of cannabis in municipalities is something Council must consider in the immediate future. Municipalities are able to pass a resolution by **January 22, 2019** to opt out of retail sale in their communities. This prohibition can be lifted in the future, however once cannabis retail stores are permitted it will not be possible to implement a prohibition later. Should a municipality "opt in" and allow retail sale in their community, the AGCO will have the authority to decide how many and where retail outlets will be permitted. While the municipality and its residents may make written submissions within 15 days of notice of a proposed retail store is posted, the AGCO will ultimately reserve the right to make a final decision. Further, the legislation currently prohibits municipalities from passing by-laws designating cannabis retail as a separate land use or creating their own system of licensing.

\$40 million will be given to local governments over 2 years to help with costs associated with cannabis legalization. Each municipality that has opted in would receive at least \$10,000 and more based on a per household basis. Municipalities that opt-out will only receive \$10,000 in total. If Ontario's portion of the federal excise duty on recreational cannabis over the first 2 years of legalization exceeds \$100 million, the province will provide 50% of the surplus only to municipalities that have not opted-out.

Here is a general outline of the three levels of government and their responsibilities:

Overview of Cannabis Licensing Responsibilities

Federal Government

- Regulate the cultivation and processing of cannabis

Provincial Government

- Ontario Cannabis Store (OCS)
- purchases packaged cannabis products from federally-licensed producers and ancillary items
- enters into agreements with authorized cannabis stores

Municipal Government

- Determines by resolution by January 22, 2019 if they wish to opt out
- Inform AGCO of their opt-out status
- If decision is made to opt out, there is still the ability to pass a resolution to opt in after January 22, 2019

AGCO

- **Licence Allocation:**
 - open allocation – no cap on number of Licences or Authorizations
 - no person or group may hold more than a predetermined amount of Authorizations
- Issue Cannabis Retail Operator Licence
 - enables holder to apply for one or more Authorizations
 - investigation into the applicant and his/her related business, interested persons - undertake appropriate due diligence, including good character assessments
- Issue Cannabis Retail Manager Licence
 - enables the holder to perform certain management functions at an Authorized store - investigation into the applicant
- Cannabis Retail Store Authorization
 - Enables the holder to open an Authorized store in an opt-in municipality and purchase cannabis product from the OCS
 - a 15-day public notice process is triggered upon receipt of application for an Authorization permits written submissions to an application measured against the criteria set out in legislation
 - AGCO to undertake on-site inspection prior to opening

Analysis:

Our Bruce County Planner John Ghent has prepared a further detailed report that has been attached for Council consideration and review.

Prior to making the decision to opt in or opt out Council may want to consider community input into the decision and the comments of the Economic Development Committee and the Walkerton BIA. In the interest of time staff would provide information for community consideration and allow time for community comment. The decision to opt-in or out-out could then be made with some local input by the new Council in January.

While there may be financial and economic benefits to the community to opt in the lack of ability for municipalities to control the location and frequency of these outlets through zoning, setbacks etc. in the community is of concern. However, the AGCO does have oversight with a public commenting component that provides certain structure.

Points for Consideration (as presented at AMCTO’s “Recreational Cannabis Legalization: Cutting Through the Haze” information workshop on November 8, 2018)

Further Considerations:

- Municipalities have a role in promoting economic development opportunities, e.g., those arising from cannabis legalization (agricultural/processing sectors, private retailers). The perception of being progressive vs regressive is an important consideration.
- The ability to guide siting of storefronts (in collaboration with the province) to minimize community impacts is an important consideration.
- There may be locational issues associated with store fronts, e.g., schools, hospitals, addiction clinics, playgrounds/parks, youth facilities, libraries, LCBOs, high density residential areas, etc. AGCO is considering legislation which could include school buffer zones.
- Inspection and store requirements are not likely to allow sales from home based businesses.
- Opting out will not prevent people from acquiring cannabis. They will continue to use the illicit market and its association with quality issues and organized crime.
- Municipalities will have no planning or business licensing authority over Cannabis Retail Stores, i.e., municipalities will not be able to designate cannabis retail as a separate land use from general retail uses.

In Brockton we have permitted a zone within the East Ridge Business Park that would allow for location of a cannabis production facility. Would permitting retail sales then align with that planning decision?

We seek Council’s direction to proceed with receiving public comments looking to understand the reasoning behind resident’s preference to opt in or opt out.

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
-

Respectfully Submitted by:

A handwritten signature in cursive script, appearing to read "Sonya Watson", written in black ink.

Sonya Watson, Chief Administrative Officer

A handwritten signature in cursive script, appearing to read "Terry Tuck", written in black ink.

Terry Tuck, Chief Building Official