



Planning & Development Services Department

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November 21, 2018

Mayor Hand and Members of Council
Village of Point Edward
135 Kendall Street
Point Edward, ON N7V 4G6

Attention: Jim Burns, CAO/Clerk

Dear Mayor Hand and Members of Council:

Re: Retail Sale of Cannabis in Point Edward

The Canadian Federal Government legalized cannabis as of October 17, 2018 and mandated that each province establish a distribution scheme in order to facilitate its sale post-legalization.

Recreational cannabis has been available for online purchase province-wide since October 17, 2018 via the Ontario Cannabis Retail Corporation, operating as the Ontario Cannabis Store. The purchase of cannabis online or by any other means other than in person at a cannabis retail store is prohibited, except from the Ontario Cannabis Store. The Government of Ontario has created a licensing model for those individuals and businesses that wish to operate a private cannabis retail store in Ontario. Brick and mortar retailers are expected to begin operating across the Province on April 1, 2019 save and except within those municipalities that opt-out of allowing physical retail stores within their jurisdictions. Should they wish to do so, municipalities must opt-out via Council resolution by January 22, 2019. Municipalities that opt-out can opt-in at a later date. However, there is no ability to opt-out after January 22, 2019 nor can municipalities opt-out for a second time should they opt-out and then opt-in.

The purpose of this report is to provide Council with an overview of the licensing scheme to be employed by the Province for the retail sale of cannabis, to review the accompanying regulation (Ontario Regulation 468/18), to outline the funding that is expected to be available for municipalities in order to assist with the transition to legal recreational cannabis and to seek Council direction regarding whether the Village of Point Edward should opt-out of permitting brick and mortar cannabis retail stores.

Bill 36, *Cannabis Statute Law Amendment Act, 2018*, received Royal Assent on October 17, 2018. Bill 36 amends the *Cannabis Act, 2017*, enacts the *Cannabis License Act, 2018* and amends related legislation. The *Cannabis License Act, 2018* creates a licensing framework for private cannabis retail stores that will be administered by the Alcohol and Gaming Commission of Ontario (AGCO).

To regulate private retailers, the Government of Ontario created two types of licenses under the *Cannabis License Act, 2018*: a retail operator license and a cannabis retail manager license. A retail store authorization is required in order to operate a retail cannabis store. Each store is required to have a separate authorization. In order to obtain a retail store authorization, a person must be the holder of a retail operator license. In addition, a retail manager license is required in order to conduct certain functions as part of the operation of the cannabis retail store, including supervising or managing employees of a cannabis retail store; overseeing or coordinating the sale of cannabis; managing compliance issues in relation to the sale of cannabis; and having signing authority to purchase cannabis, enter into contracts or make offers of employment.

The Government of Ontario enacted Ontario Regulation 468/18 on November 14, 2018 under the *Cannabis License Act, 2018*. The regulation includes the following notable controls, among others:

- A minimum distance of 150 metres is required between cannabis retail stores and schools.
- Cannabis retailers are not permitted to allow individuals under the age of 19 to enter their stores.
- Prohibiting the issuance of licenses to those individuals or businesses who have known ties to organized crime.
- Requiring that recreational cannabis retail locations be standalone stores that only sell cannabis.
- Individuals with a store authorization, cannabis retail managers and all retail employees will be required to complete specific training to make certain that they are trained in the responsible sale of cannabis.

The AGCO is expected to begin accepting license and cannabis retail store authorization applications on December 17, 2018. Retail stores are expected to begin operating on April 1, 2019 with a maximum of 75 stores being permitted per operator. There is no limit on the number of stores that will be permitted per municipality or province-wide. Cannabis retail stores will be permitted to operate between 9am and 11pm every day of the week.

It is noted that Bill 36, *Cannabis Statute Law Amendment Act, 2018*, prohibits municipalities from designating cannabis retail as a separate land use from retail generally or creating a local cannabis retail licensing process to regulate such businesses. The legislation requires for the AGCO to initiate a public notification process when an application for a store location authorization is received. The public notification includes displaying a notice at the location of the proposed cannabis retail store, posting the notice on the AGCO's website and any other means that the AGCO considers appropriate. The notice must include a request for the municipality, its residents and the upper-tier municipality of which it is a part, as applicable, to make written submissions to the AGCO regarding whether the issuance of the retail store

authorization is in the public interest, having regard for the needs and wishes of residents. The written submissions must be made not later than 15 days after the notice is first given.

The Government of Ontario indicated that it will provide \$40 million over two years in order to assist municipalities with the costs of recreational cannabis legalization. Each municipality would receive at least \$10,000. The Province's intent is to issue a payment of at least \$5,000 to every municipality in Ontario as soon as possible, with the exact amount to be determined on a per-household basis. The second payment is intended to be distributed following the January 22, 2019 deadline for municipalities to opt-out of hosting brick and mortar retail stores. Municipalities that have not opted-out would receive a second payment that would be based on a per-household basis with the intent that the funding be used to support initial costs associated with accommodating cannabis retail stores. Municipalities that opt-out would receive a second payment of \$5,000 after January 22, 2019.

Over the first two years post-legalization the Province also intends to provide municipalities that have not opted-out with 50% of any monies beyond \$100 million of Ontario's share of the federal excise duty on recreational cannabis. The Government of Ontario is also considering earmarking a portion of municipal funding in 2018-2019 and 2019-2020 for "unforeseen circumstances" and has indicated that it intends to give priority to those municipalities that have not opted-out.

In order to assist Council with making a decision regarding whether or not to opt-out of permitting brick and mortar cannabis retail stores in Point Edward, staff prepared the attached map that illustrates all of the properties in the Village that are currently zoned to permit a Retail Store. The map illustrates a 150-metre radius around Bridgeview Public School within which distance cannabis retail stores will not be permitted to operate regardless of whether or not a Retail Store is a permitted use on the land. Some of the properties are located in mixed-use zones and areas where both residential and small-scale retail uses are permitted. It is not expected that every site identified on the map would be able to accommodate a Retail Store as there are a number of factors that have to be considered through the development review process, including the provision of adequate on-site parking.

Staff note the following for Council's consideration as it deliberates regarding whether or not to opt-out of cannabis retail stores:

- Regardless of whether or not cannabis is available at local cannabis retail stores, the Ontario Cannabis Store is expected to continue selling recreational cannabis throughout the entire province.
- Should the Village opt-out of hosting cannabis retail stores, it is expected that residents would either order cannabis online or visit a neighbouring municipality that has not opted-out and where a cannabis retail store is operating.

- Cannabis retail stores must be standalone stores and are not permitted to sell other products.
- Point Edward is expected to be an attractive location for cannabis retail stores given the proximity of Point Edward to the United States and the fact that a casino operates within the Village.
- While the Province is able to prescribe additional regulations regarding appropriate locations for cannabis retail stores and separation distances between such stores and specific land uses, the current rules only provide separation distances from schools and do not restrict the concentration of cannabis retail stores, the latter of which may become problematic given the proximity of the international border and location of the casino in Point Edward.
- Based on the information currently available from the Government of Ontario, a loss of at least some of the provincial funding would be experienced should the Village decide to opt-out by January 22, 2019 and then opt-in at a later date.
- Should the Village decide not to opt-out, it is recommended that Council appoint a staff member for the purposes of providing formal comments to the AGCO on behalf of Point Edward regarding any potential cannabis retail store locations given that such comments would have to be provided within 15 days of the issuance of a notice by the AGCO.

I look forward to discussing this matter further with Council and obtaining direction regarding whether or not Point Edward wishes to opt-out of allowing cannabis retail stores.

Yours truly,

Ben Puzanov, MCIP, RPP
Manager of Planning and Development Services