

REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Susan Silver, Senior Advisor, Strategic Planning & Continuous Improvement

DATE: November 30, 2018

REPORT NO.: Rpt-ADMIN-2018-0031

RE: Cannabis Legalization and Retail Update

RECOMMENDATION:

THAT report No. ADMIN-2018-0031 dated November 30, 2018 regarding Cannabis Legalization and Retail Update be received;

AND FURTHER THAT Council review the draft resolution included in Council's agenda regarding opting out of cannabis retail stores until such time as community consultation can be completed.

BACKGROUND:

On August 13, 2018, the Province of Ontario announced a new model for the sale and distribution of recreational cannabis which includes a mix of provincially run online stores and regulated private brick and mortar retail stores. Staff report ADMIN-2018-0028, Cannabis Legalization, was presented at the September 10 meeting of Council and provided information known up to that point.

New legislation introduced September 27, 2018 confirmed that municipalities would be given a one-time opportunity to opt-out of hosting retail stores within their boundaries, a decision that must be made by January 22, 2019. (Cannabis Licence Act)

Regulations (O. Reg 468/18) released November 15, 2018 provided additional information regarding both opt-out procedures and details around how retail stores would be regulated. Planning memorandum MEM-PLS-2018-0013 provides information specifically regarding regulation of stores, including siting.

A cannabis consultation plan was provided to Council via report ADMIN-2018-0033 and presented at the November 19, 2018 Council meeting. The report recommended that, "given the short time frame imposed by the Province to opt-out of cannabis retail storefronts by January 22, 2019, staff report back to Council on December 17 with a resolution to opt-out giving Council the option to opt back in after January 22, 2019 once

public input can be considered on the matter, in keeping with the Town's Public Engagement Charter".

On November 20, 2018 the Ministry of Finance provided additional details to Heads of Councils regarding the Ontario Cannabis Legalization Fund (OCLIF). A copy of this letter is available in the general information package dated December 17.

With the newly inaugurated Council sworn in December 3, 2018, the purpose of this report is to provide Council with a draft resolution regarding opt-out for consideration and to provide any additional details regarding cannabis legalization since the previous report.

COMMENTS:

Funding

On November 27, 2018 the Town of Halton Hills received notification from the Deputy Minister of Finance to the Town Treasurer regarding disbursements under the Ontario Cannabis Legalization Implementation Fund. This notice included a copy of the November 20th correspondence sent to Heads of Councils, which provides details about how the province intends to distribute funding.

Two key points specific to the Town of Halton Hills include:

- In January all municipalities, regardless of a decision to opt-out will receive the first of two payments calculated on a per household basis. **The allocation amount for the Town of Halton Hills is \$27,747**
- Following the January 22 deadline for municipalities to opt-out, a second payment will be made. **Municipalities that have opted-out as of that deadline will only receive \$5000.** Otherwise, payments will be calculated on a per household basis.

Beyond the first two payments, the province is setting aside additional monies "to address costs from unforeseen circumstances related to the legalization of cannabis..." with details to be provided later.

And finally, if Ontario's portion of the federal excise duty on recreational cannabis over the first two years exceeds \$100 million, the Province has committed to distribute 50% of the surplus to municipalities that have not opted-out as of January 22, 2019.

Funding must be used to address costs directly related to the legalization of recreational cannabis and records will be subject to verification and audit. The Ministry of Finance will work with the Association of Municipalities of Ontario (AMO) to review use and impacts of funds.

Public Notice and Appeal

As noted, Planning has submitted MEM-PLS-2018-0013 which provides details regarding the regulation of retail stores, including information on how the public notice process will work. During a November 27 webinar, officials from the Alcohol and Gaming Commission of Ontario (AGCO) confirmed that public notice will consist solely of:

- Applicant posting a placard at the proposed store, and
- AGCO posting notice on their website

When questioned specifically about whether or not municipalities would be contacted directly, it was stated that the above two methods would be the only notice given and that interested parties (residents or municipalities) are encouraged to monitor the AGCO website for updates.

The timeframe to submit comments based on public interest as defined in the regulation is 15 calendar days, after which any submissions must be reviewed and responded by the applicant within 5 calendar days. The registrar (AGCO) will review all submissions and responses and make a final ruling on granting a retail store authorization.

Decision to Opt-Out

The draft resolution included in Council's agenda provides the option to make an interim opt-out decision with the intent to proceed with the consultation plan as endorsed at the November Council meeting. Upon completion of the consultation, staff has committed to report back at which time Council may confirm or alternatively, change this decision.

RELATIONSHIP TO STRATEGIC PLAN:

The report relates to the Town's Strategic Plan Priority under Communications to continue to provide timely, transparent communications to the community.

FINANCIAL IMPACT:

The Town is expecting to receive an initial payment of \$27,747 in January from the Ontario Cannabis Legalization Fund (OCLIF). These funds will be used to offset expenditures incurred by town staff directly related to the legalization of recreational cannabis.

CONSULTATION:

Staff from Planning and Finance were consulted to gather and confirm information contained in this report.

PUBLIC ENGAGEMENT:

A public consultation is being launched in accordance with the Town's approved Public Engagement Charter.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life. The recommendation outlined in this report is not directly applicable to the Strategy's implementation.

COMMUNICATIONS:

A [Cannabis information page](#) has been created on the Town website where more information is provided, including links to additional resources. This page will be continuously updated as more information becomes available.

CONCLUSION:

Information regarding retail cannabis store regulation and specifics pertaining to funding that were previously unknown or pending approval of legislation have been received over the last few weeks. Aside from completing the agreed to public consultation which will extend into March 2019, Council must make a decision prior to January 22, 2019 on whether or not to opt-out of hosting cannabis retail stores within Town of Halton Hills boundaries, a decision which can be reversed at any time by notifying the AGCO.

Reviewed and Approved by,



Richard Cockfield, Manager Strategic Planning & Continuous Improvement



Brent Marshall, CAO