

For Information Only

Cannabis Act and Municipal Impact Update

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Resolution

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Relationship to the Strategic Plan / Health Impact Assessment

This report provides information related to Quality of Life and Place, specifically regarding the legalization of cannabis and potential impacts to municipalities.

Report Summary

Reports were presented to City Council on December 12, 2017 and January 9, 2018 providing information regarding the legalization of recreational cannabis. This report provides an update regarding the latest status of implementation in Ontario, including the most recent revisions regarding the retail model for recreational cannabis in Ontario and the anticipated impacts on municipal programs and services.

Financial Implications

There are no direct financial implications associated with this update report.

Signed By

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Financial Implications

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Background

The Federal government has developed a new legislative and a regulatory framework to legalize, regulate, and restrict access to cannabis. The federal Cannabis Act has now been passed by the House of Commons and will become law on October 17th, 2018. Under this new law, Canada's provinces and territories will be responsible to license and oversee the distribution and sale of cannabis, subject to Federal conditions.

In response to the Federal legislation and planned legalization of cannabis for recreational use, the Province of Ontario released a plan to build on the federal framework.

This report is an update to previous information reports that informs the process for obtaining direction from the 2018 – 2012 City Council early in 2018 regarding the implementation of the legislation in Greater Sudbury and managing the impact to municipal programs and services.

<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=14&id=1233>

<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=23&id=1138>

Retail and Distribution Model in Ontario

Ontario is proposing a safe and sensible approach to the retail of recreational cannabis. The previous Provincial government had begun to establish a retail model that would utilize a crown corporation (the Ontario Cannabis Retail Corporation (OCRC)) as the sole retailer of recreational cannabis, available either online, or through the crown operated store front retail sites, the Ontario Cannabis Store (OCS).

On August 13th, 2018, the newly elected Ontario government announced a revised process for the retail sales of cannabis in Ontario. Commencing on October 17, 2018, Ontario will immediately introduce an online retail channel for cannabis, to be followed by a private retail model by April 1, 2019. The distribution of recreational cannabis will still be regulated by the OCS.

The province announced that it would immediately begin consultations in advance of opening up a regulated private retail model for cannabis. As part of this process the government will begin consultations with municipalities (through the Association of Municipalities Ontario (AMO) and the City of Toronto), Indigenous communities, law enforcement, public health advocates, businesses and consumer groups and representatives of other provinces that are implementing a private retail model.

Funding Approach

In December 2017, the federal, provincial and territorial Finance Ministers agreed to:

- Share cannabis revenues 25%/75% for the federal and provincial/territorial governments respectively
- Cap the federal portion at \$100M maximum, anything above \$100M would be distributed to the provinces/territories
- Review the FPT Agreement at the end of two years post legalization

The provincial government will provide \$40 million to municipalities over two years to help local governments keep their communities safe. The funding will be allocated on a per household basis. Using 2016 Census data, Greater Sudbury's share of the funding would be approximately \$270K/year for the first two years of implementation. To date, there have been no details regarding the timing of the funding model.

Impact on Municipalities

The Association of Municipalities Ontario (AMO) and the Federation of Canadian Municipalities (FCM) have both published reports, based on consultations with municipalities, regarding the anticipated impacts of the new legislation. As recreational cannabis is legalized, municipalities are expected to experience impact in the following areas:

- Business licencing and permitting
- Re: Smoke Free Ontario Act, for LTCs and social housing, consider facility practices, employee safety and tenancy agreements
- Consideration of appropriateness re: consumption venues (cannabis lounges)
- Who does what regarding areas of enforcement
- Anticipate impact on municipal court services and prosecutions
- Events and Festivals
- Building and fire code compliance
- Impacts on public health and health care sectors
- H/R policies
- Impacts on social services sector
- By-laws and policy requirements

Next Steps

Internal meetings with City staff and community partners (Public Health Sudbury District (PHSD) and the Greater Sudbury Police Services (GSPS)) have occurred to discuss impacts of the impending legislation. Further discussions regarding details of policy/business practices are continuing. Two working groups with representation from programs and services across that have been established to work on policy/direction within CGS. The working groups are described as follows: an Enforcement Working Group, including representation from Building Controls, Citizen Services, Leisure Services, Community Safety, and GSPS and a Safe Use Working Group that includes representation from Human Resources, Pioneer Manor, Housing Services, Communications and Social Services.

The working groups will continue to work through policy and business practices, to ensure that municipal programs and services are prepared for the implementation of the retail cannabis model prescribed by the provincial government.

The government has indicated that it will provide municipalities with a one-time window under which they can choose to opt-in or opt-out of permitting physical cannabis retail stores within their boundaries.

It is anticipated that provincial representatives will contact municipalities regarding the consultation process and the decision point around opting-in or opting out of the local retail portion of the model. The province has indicated that consultation will not take place until after the municipal elections on October 22, 2018.

City of Greater Sudbury staff will continue to:

- Prepare an analysis of the potential impact of the opt-in or opt-out options for municipalities;
- Support the continued work of the City of Greater Sudbury's Cannabis Legalization Working Groups regarding the impacts of the legalization of recreation cannabis on municipal programs and services, including policy and business process considerations;
- Consider options for public consultation using the "Over to You" platform to engage citizens and gather feedback for the new Council's consideration;
- Providing feedback to the Ontario government during the consultations on the new retail model, including on potential zoning, enforcement tools, licensing and similar issues that impact the appropriate siting of cannabis stores in the City of Greater Sudbury;
- Identify opportunities, with AMO and the City of Toronto, for a common approach to municipalities' ability to zone for retail cannabis locations, especially regarding separation distances; and
- Undertake an analysis of the current Planning Act regarding the zoning of cannabis manufacturing and storefront locations for the consideration of the new Council.

Resources Cited

<https://news.ontario.ca/mof/en/2018/08/cannabis-rules-to-keep-ontarians-safe-and-protected.html>

<https://www.amo.on.ca/AMO-PDFs/Reports/2018/AMOCCompanionDocumentFCMGuideCannabis201804.aspx>