



INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
DATE:	July 9, 2018
SUBJECT/REPORT NO:	Cannabis Dispensaries (PED18141) (City Wide)
WARD(S) AFFECTED:	City Wide
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SIGNATURE:	

Introduction:

The purpose of this Information Report is to provide the latest information regarding the Province's approach to dispensing recreational cannabis and medical cannabis, the process for citing provincial recreational cannabis dispensaries, proposed cannabis dispensary formats and current City of Hamilton enforcement actions on local recreational cannabis dispensaries.

The Province's Approach to Dispensing Recreational Cannabis

The Province of Ontario has set out guidelines for the dispensing of recreational cannabis, overseen by the Ontario Cannabis Retail Corporation (OCRC), a subsidiary of the LCBO. The retail outlets will be labeled as Ontario Cannabis Stores (OCS) and will sell only cannabis. Approximately 150 OCS stores will be opened by 2020, including 80 by July 1, 2019 servicing all regions of the province, including province wide online distribution.

Process for Siting OCS Stores

On February 28, 2018, an Information Update was forwarded to City Council to provide the latest communication regarding the locality of provincially owned and operated Recreational Cannabis Store in the City of Hamilton. In addition, the update provided siting criteria derived from a staff meeting held on November 22, 2018 with Senior Staff of the Planning and Economic Development Department, Public Health and Legal Services. A list of basic location considerations for siting provincial recreational cannabis stores was provided to the Province on December 18, 2017 (see Appendix "A" to Report PED18141). It is important to note that these considerations are non-binding. The only requirements the City can place on the site selection process is the

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satisfaction of the City's Official Plan and Zoning By-law, which would generally permit this use in any commercial area of the City.

A declaration from Canadian School Boards Regarding Impact of Cannabis Legalisation on Schools was distributed at the January 29, 2018 meeting of the Hamilton-Wentworth Catholic District School Board Liaison Committee, which was forwarded and received by the General Issues Committee at their February 21, 2018 meeting (see Appendix "B" to Report PED18141).

Updated Information for Siting and OCS Stores

On September 8, 2017 the Province of Ontario announced a framework to ensure a safe and sensible transition for the federal legalization of recreational cannabis. The Province has set out guidelines for the siting of OCS stores.

Specifically that:

- store locations adhere to municipal zoning by-laws;
- minimize proximity to primary and secondary schools;
- consider where illegal storefronts are currently operating;
- input received from municipal officials is used to inform the identification of OCS store locations; and,
- OCS sites are responsible partners in the communities in which they will operate.

Preliminary retail store designs are being developed that consider input received from municipalities, proposed federal regulatory requirements, and best practices from other jurisdictions that have legal cannabis retail stores.

The Province has announced that Shopify will supply the technology to power screens throughout the OCS stores to give consumers product and health information, following federal guidelines, to help inform their shopping decisions. In addition to the retail store network, the OCS will also provide an ecommerce option to provide Ontarians age 19 and over with a safe and secure way to legally purchase cannabis for home delivery.

Proposed OCS Store Formats

On November 3, 2017, the Province announced that 14 municipalities have been identified for stand-alone cannabis stores by July, 2018, including the City of Hamilton. The latest update from the Province on April 11, 2018 indicates that four initial cannabis store locations have been identified, specifically in Guelph, Kingston, Toronto and Thunder Bay to open in July of this year. The website where comments and questions can be provided is ocscannabisupdates.com (formerly lcbocannabisupdates.com). As of June 19, 2018, no sites within the City of Hamilton have been formally identified for stores to open in July, 2018.

The Province has also provided an update on their OCS Store Updates Website (ocscannabisupdates.com) regarding the proposed OCS store format. The Province has

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advised that retail store designs are being developed that consider input received from municipalities, proposed federal regulatory requirements, and best practices from other jurisdictions that have legal cannabis retail stores.

The following is a summary of an OCS store format and related federal requirements:

OCS stores will:

- have trained and knowledgeable staff to ensure products are sold in a safe and socially-responsible manner;
- follow strict requirements for age verification;
- restrict access for minors (no one under the age of 19 will be permitted entry to the main retail store);
- provide consumers with the information they need;
- operate with the same care and expertise as the LCBO;
- carry out responsible retailing practices and promote moderate consumption;
- be designed with a lobby area, before individuals can enter the main retail store;
- not display any product in the lobby;
- include information about available products including accessories;
- focus on responsible use and product education;
- not advertise any products;
- not permit products to be visible to youth;
- require a behind-the-counter type of retail similar to sale of tobacco;
- assist sales via counter service, and there will be no self-service;
- employ staff that have completed mandatory training to obtain knowledge of the individual products and public health information about how to use cannabis responsibly; and,
- have product types and formats that meet the federal government's requirements, including forthcoming federal regulations on packaging and labelling information.

The Province's Approach to Dispensing Medical Cannabis

Medical cannabis can only be purchased directly from a federally licensed producer online or over the phone and delivered by secure mail. This federal program would continue under the new model. Online sales will allow for secure and safe delivery across the province. Products would be stored, packed and distributed in a safe and controlled manner.

Current delivery safeguards in place for online alcohol sales would apply, including:

- ID checks;
- signatures upon delivery; and,
- no packages left unattended at the door.

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The Province has advised that they intend to consult closely with municipalities, Indigenous communities and stakeholders to determine additional details about the retail and distribution system, which will ensure a safe and sensible approach to this new marketplace. This approach will support Ontario's priorities of protecting youth and vulnerable populations, focusing on public health and safety, promoting prevention and harm reduction, and eliminating the illegal market.

Update on Enforcement Actions

The Province has advised that illicit cannabis dispensaries, including those representing themselves as legal retailers of medical cannabis, are now and will continue to be, illegal under the new rules.

At its meeting of October 26, 2017, City Council approved the following resolution:

That the appropriate City of Hamilton staff, currently assembling/discussing and potentially building policy around marijuana that may inform Council in the future, be requested to meet with owners and operators of the marijuana dispensaries to share information and discuss roles, functions and issues and solutions respecting the current and future climate in the marijuana industry.

A meeting was held on February 13, 2018 with lead representatives of this group, including a physician and several of the regionally established dispensaries to discuss the potential future of marijuana dispensaries in the City. Some of the main points from the meeting were:

- Create a legal way for dispensaries to operate within the City;
- Limit the number of dispensaries operating within the City;
- Establish regulations and licences for dispensaries to be set by the City; and,
- Create a defined business model for dispensaries to follow.

The overall request was for the Municipality to follow the British Columbia model and create a licensing regime that would establish the dispensaries as a legal entity. The group was informed that this was outside of the Municipalities authority and would be dependent upon the Federal and Provincial direction and delegation.

In the meantime, Licensing and By-law Services continues to enforce the current Municipal By-laws. Although there has been significant work in this area, 47 dispensaries continue to remain open. The following is reflective of the work being completed by Licensing and By-law Services.

80 Dispensaries have been identified as operating within the City of Hamilton:

- 47 are currently operating;
- 33 locations have been closed;
- 43 Zoning Charges have been issued;

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SUBJECT: Cannabis Dispensaries (PED18141) (City Wide) - Page 5 of 5

- 29 Business Licensing Charges have been issued;
- 10 Sign By-law Charges have been issued; and,
- 47 Fees for Services for Re-Inspection have been completed.

There are currently 21 locations under investigation. These are very fluid investigations as many locations closed after receiving a zoning notification, only to re-open in another location within a few days.

Attach. (2)